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13 June 1983

## LATIN AMERICA REPORT

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## FIGUEIREDO SAYS UNFORESEEN SITUATION COULD PROMPT REELECTION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 May 83 p 4

[Article by Carlos Chagas]

[Text] President Joao Figueiredo yesterday told Deputy Nelson Marchezan that he did not want, did not promote, and would not accept his own reelection since he is involved in leading the process of succession in due time in accordance with the goals he outlined. He expressed a proviso, however, to the effect that an unusual, disastrous, and totally unforeseen situation, capable of threatening the democratizing effort, would make him reconsider his decision. But he sincerely does not want this to happen. He even banged his fists on the table to emphasize his point.

This confidence on the part of the president, disclosed yesterday morning to the PDS [Social Democratic Party] leader in the Chamber, in the presence of Minister Leitao de Abreu, did not appear in his interview on TV Globo which was recorded minutes earlier and which was telecast that night. Before the video screens and the microphones, Figueiredo elaborated on the earlier considerations regarding the succession process, also introducing some new aspects. He emphasized that the PDS will run monolithically with only one candidate. He does not accept divisions and dissensions and seeks a single direction. This is why the work of proselytism is wide open now for the various hopefuls but he will not in any way impair unity later on and will support only that candidate who looks best at the right moment. He has confidence in the PDS and he will know how to coordinate things in that direction. In the opinion of deputy Nelson Marchezan, these two statements supplement each other. Figueiredo does not think of reelection and is spelling out the coordination effort which is to end with the choice of a candidate prior to the PDS national convention. It is clear to the leader that the president will avoid a dispute among conventioners. Or, better yet, he does not want that sort of thing.

In plain language: Paulo Maluf will be opposed before the PDS convention, regardless of the name that is in the end coordinated by Figueiredo. Marchezan did not make that statement out of caution but it is obvious that, since the former governor of Sao Paulo is not included among those officially preferred, Planalto Palace will do everything to prevent him from breaking the party's desired monolithic unity. To a fault, as the president already said.

These estimates clash with Maluf's obstinacy who even yesterday let his supporters know of his determination to attend the convention at any cost, unless Figueiredo accepts reelection. The former governor however will find that the barrier to his designs keeps growing day after day; according to sources in the Executive Branch, he will never be accepted as a candidate by the head of government. In this respect, Paulo Lustosa, of the Ceara delegation, said that 40 percent of the members of parliament today sympathetic toward Maluf will withdraw their support the moment the administration comes out with another candidate.

Once again Gen Joao Figueiredo chose Wednesday as the day for some news on his succession. A week earlier he had given the candidates the go-ahead to start the joint effort with the PDS. The candidate who would come out best, meeting the three basic initial conditions (crisis manager, popular, capable of winning national consensus) will wind up as his choice. He will not pull any names out of a hat, nor will he force anyone upon the convention but he will coordinate the situation in accordance with the basic directives and of course with his viewpoints. Leaving the choice to the PDS does not mean abandoning the process and it certainly does not mean permitting the kind of break-up which a dispute at the convention would fatally bring with it. The party must arrive at a conclusion, from which he does not exclude himself, and it must present itself united both at the national convention and later on in the electoral college.

Yesterday continued to be a day of rumors and bad auguries in Brasilia in spite of this rather promising information, were it not for the reservation concerning the idea of reelection which is somewhat unusual. The climate was full of the repercussions of the statements from opposition leaders, ranging from Leonel Brizola all the way to Ulysses Guimaraes, accepting the idea of Figueiredo's reelection in exchange for a return to direct presidential elections later on. The governor of Rio de Janeiro in particular was compared to Dr Faustus who sold his soul to the devil in exchange for youth, exalting at the moment he got what he wanted but later on, when it came to settle accounts, according to Goethe, plunged into anguish and despair. In this particular case, Mephisto is the idea of reelection. In return for future promises concerning a direct vote, which, by the way, was never accepted so early by the other chief executives, the opposition leaders are now selling their souls. They are still mired in the past of struggles and criticisms and they seek to derive benefit from this kind of unacceptable swap.

Trusting Dr Faustus is more than dangerous, it is fatal. The opposition groups deserve much credit--and President Figueiredo deserves an equal share--for the country's gradual return to democracy. But this is where things come to a head. This is because, from the repeal of AL-5 [Institutional Act No 5] to the restoration of freedom of the press, from amnesty to direct elections to the office of governor, and to a free vote last November, from the swearing-in of elected officials to coexistence with everybody, including the opposition groups, to accomplish all this, it is necessary to get through the next phase, the phase of political succession. In the words of everybody, this will express the climax of the process which the national will continue to owe both to the president and to the opposition groups. Will it indeed continue to owe that? We do not know because, after reelection has been approved,

by some sort of absurd assumption, there will be no more democratization. Everything will have turned back, so that it will matter little whether the postponement (because that is the only thing we can call it) will end within 2, 4, or 6 years, or in exchange for a direct presidential election for 1987, 1989, or 1991.

What grandiose thing can the Figueiredo administration accomplish between now and the end of the term established at the time it took over? Only succession which, as the earlier plans unfold, both in political and civil respects--can elevate him to the gallery of statesmen who were in power. But if reelection were to be pushed through, there would be nothing more because he would lose what he had. He would ruin everything that he outlined in the beginning.

If, after 15 March 1985, we begin another 2, 4, or 6 years equal to the ones we had, we will probably witness the continuation in office of Delfim Netto, Ernane Galveas, Carlos Langoni, and their followers, and we will see the same economic and financial deadlock. We will also witness Capemi trying to defraud Tukurui or the official Sherlocks, trying to find out who put the bug in the president's office. The same persons would remain where they are and this is the main argument on that side for stimulating this absurd and whimsical idea. But we will also watch the opposition groups endorsing everything that happened and everything that will happen. In exchange for a rather ethereal promise, the promise of direct elections to the office of president of the republic, which the PDS and the ministry likewise in a paradoxical fashion are beginning to accept. But if everybody agrees on that, without bargaining or reciprocity, then what does Figueiredo's staying in power have to do with that? Either direct elections are going to work or they are not going to work. Either the country is mature enough to return to its traditions or it is not. But introducing postponement (or reelection) as a necessary condition, that is--by way of compensation or as a consolation prize--not to be accepted. Unless this is a contract such as it was entered into between Dr Faustus and Mephisto.

The late and lamented Governor Negrão de Lima was right when, in the midst of the dissolution and formation of new parties, he commented that there is a single party in the country, the PIP [Party of Personal Interest]. To him, that means Party of Personal Interest. Unless we are mistaken, Leonel Brizola has his eyes on the presidency of the republic, imagining that he could get there only through direct election. He is thus prepared to give Figueiredo 2 years and, on top of that, by analogy, he is trying to get an extension of his term of office as governor of the State of Rio. The same applies to the other governors and all parties. "because, if the president has the right to that in the name of democracy and the stability of institutions, so do we." An equal temptation is thus multiplied for more than 4,000 prefects and who knows who else wants to get in on this postponement thing, what with deputies and senators beating their drums. If reelection were to give Figueiredo more than 2 years, perhaps 4, for example, that will be just so much more icing on the cake.



Without reelection, the climax of the democratic opening process will be completed with a political and civil succession in 1984. In other words, we will be closing the bitter cycle of emergency management at a moment when, even through indirect elections, the successor of the last of the general-presidents must be picked. Now they want to extend the term and among those who lend themselves to that we find the leaders of the first opposition team.

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CSO: 3342/114

## AVIBRAS DEEMS CONSTRUCTION OF ANTI-SHIP MISSILE POSSIBLE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 May 83 p 6

[Text] At least one Brazilian group, Avibras Aeroespacial, of Sao Jose dos Campos, believes that it can meet the Navy's requirements in developing an anti-ship missile of the French Exocet or the Israeli Gabriel class; both of these are being contemplated by the Ministry to equip the new Brazilian-made corvettes and also the frigates purchased from Great Britain along with technology transfer during the 1970's.

This information came from a source in the company's engineering division and emphasizes that "it is possible to submit a complete project within a reasonable time of something like 24 months." The same specialist stressed the conviction that the country's war materiel establishment is "absolutely capable of embarking on a program of this magnitude without any major difficulties." For Pedro Vial, Avibras business manager, "the technical design should not be discussed too hastily" but, as he understands, "the organization will be most happy to examine the matter with the Navy as soon as it is requested to do so."

Other groups are interested in the same issue, such as Engetronics, a subsidiary of ENGESA [Specialized Engineers, Inc], DF Vasconcelos, and IMBEL [Ordnance Industry] itself, through its electronic products unit. None of them however would handle the complete project, advocating the idea of a consortium made up of suppliers of segments of the complete weapons system.

For Minister Maximiano da Fonseca, national participation in the medium-term construction of sophisticated anti-ship missile is rather unlikely. "It is not that we do not have any capacity here. We do have it. But not in short-range terms. The French took 10 years to develop their Exocet. Israel took as many years with the Gabriel missile. All of this depends on money, of course. France, with all its technology and organization, delayed a long time. If Avibras were able to handle the whole thing in 24 months, I would congratulate them and I would immediately give them a contract."

## Price

For Admiral Maximiano, "this is not even a question of price. Since this is a Brazilian product, it could even cost more than the imported ones. That is not the point. But the thing is that it is simply not possible." The minister

recalled that there are always several ways out: "Do not ask me now for \$500 billion to import 200,000 foreign technicians because that would not work either." He stated that the ministry's estimate is that a missile of this category would cost \$1.2 million, each. Large-scale purchase would reduce that figure to \$800,000. The Navy's first order would be for approximately 12 units. Admiral Maximiano considers meeting the timetable for the construction of the corvettes (begun in September, to be finished in 1987 and to be commission thereafter) to be "fundamental" since the weapons system must be defined in terms of the various specifications. In the case of the missile, primarily. "We have not yet picked the missile. We do not even have the blueprints for the missile. It is still the same story, just as in the days of Napoleon: The most important thing is money and then comes money and then comes money again. If we have unlimited funds, we could hire the best American, Swedish, British, and Chinese engineers--we could bring everybody here and the whole thing could be done very quickly.

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## REPORTAGE ON INTENDED RESIGNATION OF PETROBRAS PRESIDENT UEKI

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 May 83 p 25

[Text] PETROBRAS [Brazilian Petroleum Corporation] President Shigeaki Ueki requested resignation from his job because he disagrees with the return of enterprise manager Orfila Lima dos Santos for a new term of 3 years; but he then reconsidered according to enterprise sources yesterday. With this backtracking, as was concluded from reports obtained from these sources, Ueki seeks to avoid an awkward situation not only for himself and PETROBRAS but also for Mining and Energy Minister Cesar Cals and President Figueiredo himself who, in the final instance, has to approve the appointments of all of the government enterprise directors.

The official denial of the resignation by the PETROBRAS president came from Atan Barbosa, head of the company's mass communications division. "The president is not resigning and is in his office and so is the production manager," said the spokesman late yesterday afternoon, after a telephone consultation with Ueki. Shortly before, the PETROBRAS enterprise advisory office announced that Ueki had spent most of the day in Sao Paulo where he had gone in the morning for unknown reasons, returning in the afternoon and being received at the airport by Atan Barbosa and Hideo Onaga, special advisor to the office of the president.

Atan Barbosa blamed "opposing interests" for the rumors as to Ueki's resignation, noting that rotation in management positions is a part of the enterprise president's working philosophy. Without mentioning names, he touched on the intensive campaign of accusations against Ueki after the recent resignation of INTERBRAS [Petrobras International Trade Inc] Vice President Sergio Barcellos, stressing the effect that all news about the enterprise president's departure is without foundation. But when asked to communicate with the office of the president and to get a statement from Ueki himself to the effect that he was not resigning, he claimed that this was "not the right day" for this kind of statement.

Enterprise production manager Orfila Lima dos Santos can remain in his job for an indefinite time, until he is officially confirmed or replaced, according to the PETROBRAS charter. According to spokesman Atan Barbosa, no official announcement had been made by the end of the day regarding the reappointment

of Orfila dos Santos or his replacement which, in both cases, will have to be done through a decree issued by the president of the republic.

#### Balance Sheet

Today, PETROBRAS is supposed to disclose the results of its quarterly balance sheet, providing information on the account audit conducted to prevent the recording of losses suffered by the enterprise due to the deficit of the so-called petroleum account and foreign loans taken out by the company but intended for other economic activity sectors.

#### Cals: Figueiredo To Decide

Mining and Energy Minister Cesar Cals said yesterday in Fortaleza that he had not received any letter of resignation from PETROBRAS President Shigeaki Ueki. "I have not yet received any letter from the PETROBRAS president," said Cals, stressing that "there has been no news, especially to the effect that Ueki was fired because President Figueiredo and the minister of mining and energy himself are dissatisfied with the changes made in the PETROBRAS management setup."

Cesar Cals stated that there was no dissatisfaction with Ueki's work at the head of PETROBRAS and that, if there had been a resignation request, "that is exclusively due to the initiative to Dr Shigeaki Ueki."

Before going from the airport to his home in Fortaleza, the mining and energy minister noted that the decision to accept or reject the PETROBRAS president's resignation is up to President Figueiredo and to the minister "since the PETROBRAS president is appointed by decree issued by the minister of mining and energy."

At his home, in Praia do Futur, Cesar Cals told journalists that contrary to what has been revealed, PETROBRAS will show a small profit during the first quarter of this year. And he said: "This will be possible because the Mining and Energy Ministry and the Planning Secretariat of the Office of the President of the Republic made the correct accounting assumptions, within the administration, so that the outfit is able to show a small profit."

#### Alcohol Production Program

After saying that any increase in petroleum derivatives is determined in the administration's economic area, Cals denied that PROALCOOL [National Alcohol Program] failed or impaired food production.

"We were very careful," he said, "to make sure that the agricultural areas, which are destined for the energy biomass in general and for alcohol in particular, primarily sugar cane for alcohol, will not interfere with agricultural areas intended for food production." Cals made that statement in Joao Pessoa from where he continued on to the township of Mataraca to attend the opening of Industria Rutilo Ilmenita do Brasil.

## No Meetings at PETROBRAS

PETROBRAS President Shigeaki Ueki yesterday morning failed to attend the meeting of enterprise managers--which is held every Tuesday and Thursday--and likewise did not show up at the afternoon meeting with the superintendents, although he did not give any reasons for his absence.

According to PETROBRAS sources, Ueki's attitude strengthened the impression as to the difficult situation in which he is after having communicated in the evening to Mining and Energy Minister Cesar Cals his inclination to leave the enterprise presidency because President Joao Figueiredo had vetoed his choice regarding the replacement of production manager Orfila Lima dos Santos.

Enterprise sources confirmed that Ueki indeed told Minister Cesar Cals of his decision to leave PETROBRAS, although he did not formalize that decision in writing. The PETROBRAS president felt that he had lost prestige because he was unable to remove manager Orfila Lima dos Santos in order to replace him with the current superintendent of the drilling department, Helio Falcao. Manager Orfila dos Santos was chosen 2 years ago as PETROBRAS production manager by Ueki himself who removed Engineer Jose Marques Neto from the enterprise management for this purpose.

Minister Cesar Cals will not now ask the president of the republic for Ueki's dismissal, according to PETROBRAS sources, but he will not refuse to process any formal request from the PETROBRAS president regarding his resignation. The case of the replacement of PETROBRAS manager Orfila Lima dos Santos so far has not justified a more drastic attitude against Ueki whose continuation in office is supported by Gen Octavio Medeiros, minister-chief of the SNI (National Intelligence Service) whose son, Luis Antonio de Medeiros is head of Ueki's office.

## Displeasure

In the meantime Minister Cesar Cals did not conceal to his advisors his profound displeasure regarding the way in which Ueki has been running PETROBRAS. The constant changes in supervisors and managers without justification, the arbitrary conduct of enterprise business, along with the imposition of the will of its president, and the public case created with former INTERBRAS Vice President Sergio Barcellos constituted the most frequent factors leading to criticisms leveled against Ueki by Minister Cesar Cals.

Another difficulty which Cals is having in handling Ueki--in addition to the support given him by Gen Octavio Medeiros--is the fact that the situation might be exploited by former Bahia Governor Antonio Carlos Magalhaes who is conducting a strong drive for his appointment to the office of PETROBRAS president; in this effort he has the support of former president Ernesto Geisel. The mining and energy minister is convinced that, to get Ueki out, he must replace him with a person who has his strict confidence, as he did with relation to NUCLEBRAS [Brazilian Nuclear Corporations, Inc], where he managed to promote the departure of former president Paulo Nogueira Baptista--linked to the minister-chief of the SNI, just like Ueki--replacing him with Engineer Dario Gomes.

### Telephone Call to Medeiros Reportedly Saved Job

It is possible that PETROBRAS President Shigeaki Ueki saved his job through a telephone call which he made early yesterday to SNI boss Gen Octavio Medeiros, asking him that he in turn ask President Joao Figueiredo to reconsider the position which Ueki had adopted the day before yesterday, in connection with which he made his continuation in office dependent upon the appointment of his friend Helio Falcao, currently chief of the drilling department, to the position of production manager, in place of Orfila Lima dos Santos. The latter had been confirmed in office the day before yesterday for another three years through Decree No 81.217.

This information was supplied yesterday by advisors at PETROBRAS whereas at the same time the press advisory office of the Mining and Energy Ministry gave assurances that the ministry had not received a resignation letter from Ueki. Although the problem has to be handled by the president of the republic, the letter would, as a routine matter, have to be sent to the mining and energy minister.

The advisors indicated that Ueki telephoned Gen Medeiros the day before yesterday, in the evening, and during that telephone conversation he said that either President Joao Figueiredo appoints his friend Helio Falcao as production manager or he would leave the PETROBRAS presidency. According to those same advisors, President Joao Figueiredo replied that he could not do anything since he had already signed a decree reappointing Orfila Lima dos Santos to that job. Yesterday morning, the advisors said, Ueki made another telephone call to Gen Medeiros, asking that he tell President Figueiredo that he would reconsider his earlier position because he was inclined to continue at PETROBRAS, even though Orfila Lima dos Santos had been reappointed.

### Friends

According to PETROBRAS advisors, the strong rumors from Planalto Palace, which were circulated the day before yesterday in the evening, hinting at a resignation request from Ueki, sprang from that first phone call. The advisors admitted that Ueki may, through that phone call, possibly have saved his continuation at the head of PETROBRAS, but without the authority he had earlier, nor with the ability to make up the enterprise management with friends who have his strict confidence.

The advisors explained that Ueki continues to have free access to Planalto Palace or, more specifically, to the SNI because the head of the intelligence agency is the father of PETROBRAS office chief Luiz Antonio Medeiros. They also explained that Ueki's objective in replacing Orfila Lima dos Santos with Helio Falcao was to frustrate the goal of Minister Cesar Cals to get a national petroleum output average of 360,000 barrels per day this year and, by the end of December, to achieve a daily output of 400,000 barrels. Ueki always opposed the targets set up by Minister Cals, considering them to be very daring.

## Dialogue Confirms Problems

A telephone call yesterday between PETROBRAS President Shigeaki Ueki and former Bahia Governor Antonio Carlos Magalhaes in the presence of several journalists who were in the latter's office confirmed the problem that existed as a result of the reappointment of Engineer Orfila Lima dos Santos to the position of enterprise production manager--something which was done without consulting Ueki.

The call--an initiative by Magalhaes--was completed in front of the journalists who were in the office of the former governor, interviewing him on Ueki's departure from PETROBRAS and his possible appointment to that job. A month ago, Magalhaes' advisors commented that he would be going to PETROBRAS.

A source linked to Magalhaes confirmed the information to the effect that the PETROBRAS office was offered about 40 days ago to the former governor of Bahia, several weeks after he left the office of governor. "Antonio Carlos was interested but I do not know why his appointment to PETROBRAS did not materialize. Today, Antonio Carlos is not the least bit interested because the enterprise is suffering a loss of 1 billion cruzeiros per day and the only way out for the enterprise would be to raise fuel prices which is very ruinous for a politician." The source also commented that "votes cannot be imported."

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## IMPACT OF HEAVY RAINS ON RIO GRANDE DO SUL CROPS DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 May 83 p 31

[Text] President Figueiredo canceled the visit which he was to pay to Santo Angelo where he was to attend the official opening of the soybean harvest in Rio Grande do Sul. The reason for the cancellation was the lack of assurance that he would be able to land at the local airport due to bad weather, according to the president of COTRISA (Santo Angelo Wheat Cultivation Co-operative).

Rainfall continued to destroy the agricultural crops in Rio Grande do Sul. Approximately 250,000, out of the 2.5 million tons of soybeans, which have not yet been harvested, are impaired in terms of their quality, said the executive manager of AEB (Brazilian Exporter Association), Aldayr Heberle. Out of the state's product, which should be 6.2 million tons, something like 40 percent or more than 2 million tons are yet out in the fields and 10 percent or more than 250,000 tons have already been hit by excessive moisture. It is not yet possible to say, Heberle explained, how much of that total is definitely lost. FEARROZ (Rice Cooperative Federation) President Homero Pegis Guimaraes estimates that harvest losses for this product amount to about 25 percent of the total anticipated as of the start of the planting season which was 2.8 million tons. If this estimate is confirmed, rice cultivation in Rio Grande do Sul will lose 40 billion cruzeiros due to extremely heavy rainfall. But the figures could even go up. Yesterday, the 8th weather district of the Ministry of Agriculture was expecting intermittent rain almost throughout the entire state for today.

Rice is the most heavily-hit crop because it already suffered setbacks during the planting season, when abnormally rainy weather delayed the start of soil preparation. Consequently, this harvest is also behind schedule; between 40 and 45 percent of the harvest are still out in the field. The total output, estimated at the end of last year to be 2.8 million tons, should drop to between 2.1 and 2.2 million. These are figures issued by FEARROZ. Yesterday, the Agriculture Secretariat announced that the loss should not exceed 250,000 tons. In the case of soybeans, the state's output can decline from 6.2 million to 6 million tons or less, according to the expectations expressed by Heberle. In that case, the Agriculture Secretariat agrees.

Another product which is heavily damaged, according to Agriculture Secretary Joao Jardim is beans. The so-called "little harvest," which covers 20

percent of the total output per year, will be reduced by 5 percent or 20,000 tons out of a total of 400,000 tons. But there are regional characteristics for all of these crops. In the COTRISA action area, which consists of 14,500 farmers and 140,000 hectares of soybeans, half of the product has not yet been harvested and the organization's president, Jandyr Schau de Araujo, yesterday expected that, if the rain does not stop, everything that is still on the ground will be lost, in other words, 120,000 tons or more than 1 billion cruzeiros, expressed in terms of money.

#### Rainfall

In various localities throughout the state, the rainfall in April and the first 11 days of this month by far exceeded the normal average precipitation for both of those months together, the chief of the weather bureau for the 8th Weather District, Elenir Trindade de Oliveira, announced. Especially along the southwestern border, the rivers flooded and drove 7,700 persons from their homes, said Capt Volnei Tavares, the officer attached to the State Civil Defense Coordinating Agency.

5058

CSO: 3342/114

## U.S. CENTRAL AMERICAN POLICY SCORED

Havana PRISMA LATINOAMERICANO in Spanish Mar 83 pp 3-4

[Article by Elena Acuna: "The United States in the Dock"]

[Text] It has been quite a while now since progressive world public opinion put the United States in the defendant's seat, but the accused is still pursuing his policy of aggression, which is prompting mounting condemnation among the international community.

Central America, the leading target of Washington's plans for hegemony, is a region in which nations are increasingly determined to defend their sovereignty and right to self-determination.

While the Sandinist Revolution consolidates, in spite of the systematic campaign of attacks and harassment that the White House is waging under the CIA budget and with the complicity of the Honduran Armed Forces and Government, the Salvadoran Army is practically beating its retreat in the face of advancing guerrilla forces that are strengthening themselves logistically with the war supplies captured in combat from the demoralized army.

The situation in neighboring Guatemala is less spectacular, though the prospects are promising for the people's cause. In early 1982 the guerrilla organizations there took a major step towards strengthening their ranks by unifying in the URNG [Guatemalan National Revolutionary Unity].

The response of the U.S. Government to this situation, which is unfavorable to its political and economic interests, has been to intensify its aggression, but the world community does not seem willing to endorse with its silence this domineering approach by the most powerful country in the capitalist system.

## Unpopular President

President Ronald Reagan completed his first 2 years in office last January with the unenviable record of being the U.S president with the sharpest drop in popularity at mid-term over the past 23 years, falling from a 60 to a 38 percent rating.

This decline has had international repercussions, as evidenced by the failure of his diplomatic machine's efforts to prevent the Movement of Nonaligned Countries from holding the Fifth Special Meeting of its Coordination Bureau in Managua in mid-January.

The very fact that 116 member countries and observers from the nonaligned group, international organizations (including the UN and UNESCO) and national liberation movements met in the Nicaraguan capital was a rejection of American policy in that it represented massive support for the Sandinist revolution.

Unable to scuttle the forum, Washington essayed a maneuver designed to weaken the anti-imperialist essence of the final resolution that the delegates were debating and distributed to several delegations what it called "background material to bring up at the meeting of the Coordination Bureau of the Nonaligned Countries in Managua."

With regard to the situation in Central America, the document revived arguments as discredited by the facts as the so-called "Forum for Peace and Democracy," which takes a comprehensive approach to the region's problems, as if it were not public knowledge that this alliance (Costa Rica-Honduras-El Salvador) excluded Nicaragua because it is a predominantly anti-Sandinist coalition.

Concerning El Salvador, it says that the situation is improving and to this bizarre assertion adds the following absurd statement: the insistence of the FMLN-FDR [Farabundo Marti National Liberation Front-Revolutionary Democratic Front] about holding negotiations "only isolates them from the democratic mainstream."

As if this were not enough, the State Department document asserts that Nicaragua is trying to destabilize Honduras and Costa Rica, that the United States is not trying to overthrow the Nicaraguan Government, that there is no economic blockade against Nicaragua and that Managua refuses to respond positively to U.S. proposals.

Anyone would think that the Reagan administration is the most misinformed in the world, because those concerned about the world's problems have already lost count of the times that the Nicaraguan Government has stressed the need to put an end to tensions in bilateral relations through a Managua-Washington dialogue based on mutual respect.

If the strategists of U.S. diplomacy were intending to write a manual on political cynicism, we have to acknowledge that they were completely successful...even though the document went for naught.

The nonaligned meeting not only accused the United States of being the country mainly responsible for the pre-war situation throughout Central America but also came out in favor of a dialogue to develop political solutions to the region's problems.

The "Managua Communique" strongly<sup>ly</sup> condemns the threats and aggression against Nicaragua from Honduran and U.S. territory, as well as the harassing and destabilizing activities that Washington is encouraging against the Sandinist Government.

As to El Salvador, it calls for "an immediate and unconditional" halt "to imperialist meddling" through an acceptance of FMLN-FDR's repeated appeals for negotiations.

The declaration of the Nonaligned Coordination Bureau also mentions the United States' aggressive policy against Cuba, Grenada and Suriname, when it calls for an end to the threats, hostile actions, embargoes and blockades that the White House systematically engages in.

This blow to the U.S. Government's ambitions for hegemony was preceded by another, less resounding, though still significant one from the Panamanian island of Contadora.

After 2 days of deliberations, the foreign ministers of Mexico, Colombia, Venezuela and Panama decided there to hold talks with all Latin American foreign ministries, with a view towards arranging new moves to step up negotiations for peace in El Salvador, Honduras and Nicaragua.

It is especially significant that these four foreign ministers rejected the U.S. argument that Central America's problems are part of the confrontation between the world's two socioeconomic systems: capitalism and socialism.

The U.S. argument seeks to avoid acknowledging the real roots of the tragedy afflicting underdeveloped countries like the ones on the Central American isthmus: the poverty caused by the sacking of their natural resources by transnational capital, and political, economic and social oppression.

"It is highly undesirable to place the Central American crisis in the context of the East-West confrontation," noted the four foreign ministers who met on Contadora Island just 48 hours before the assembly of the nonaligned countries opened in Managua.

#### Accusatory Disclosures

Late last November, Hector Frances, an Argentine intelligence officer who until a few days before had been an adviser to the Nicaraguan counterrevolutionaries, disclosed that the Reagan administration was seeking to cause a state of subversion and terror so as to topple the Sandinist Government and isolate the Salvadoran revolutionary movement.

Frances said that the administration's plans were to control an area in northwest Nicaragua, declare it a "liberated zone" and install

a "government in exile" that would be immediately recognized by the United States, Honduras, El Salvador and other allies of Washington, which would provide military aid and other forms of support.

The United States, he added, has its hardware prepared for a blockade of Nicaragua's coasts, both at Fonseca Gulf on the Pacific and along the Atlantic, and is ready to intervene at a moment's notice with troops and materiel under the guise of a joint U.S. military maneuver with Honduras or some other country.

World public opinion has witnessed how these plans are carried out and has watched the periodic U.S.-Honduran joint war maneuvers become increasingly extensive and take on the character of "dress rehearsals" for a military invasion of Nicaragua.

World public opinion also knows that the CIA earmarks a budget of close to \$20 million a year for the gangs that sow terror, death and destruction along the Nicaraguan-Honduran border.

Fresh in our memory is the death of 75 Nicaraguan children when the helicopter evacuating them to safer regions plunged to earth last December.

Shortly thereafter, Sandinist security services succeeded in thwarting "Operation Bitter Christmas." This sinister plan, which bore the unmistakable mark of the CIA, sought to cause extensive property damage and loss of life, among children in particular, through the use of the explosive C-4, which is manufactured under the exclusive control of the U.S. Government.

The inhuman cruelty of the people who conceived this idea is evidenced by the fact that the C-4 was placed in small plastic boxes and flashlights decorated with traditional children's cartoon characters, such as Mickey Mouse, to make them more attractive to youngsters.

#### Aid to Allies

The existence of these plans, which Washington persists in denying, was corroborated in mid-December by CIA Director William Casey, who in closed-door congressional hearings admitted that his agency is engaged in an "active program" against the Nicaraguan Government.

Shortly before, reporting that the CIA had 150 agents in Honduras to promote these activities, THE NEW YORK TIMES said that this was its "most ambitious political and paramilitary operation of the last decade."

But although Honduras is the main base for the forces of aggression, Costa Rica is another White House friend and collaborator in the region, as confirmed by the disclosures of the former Argentine intelligence officer, who advised the counterrevolutionaries from San Jose.

Frances, who by his own words broke ranks because he was disgusted by U.S. support for Great Britain during its colonial aggression in the Falkland Islands, declared that he had met with two high-level officials of the Costa Rican Foreign Ministry just days before his public disclosures.

He specified that his conversations with advisers Juan Antonio Simon and Rogelio Castro focused on analyzing the possibility of undertaking an operation against Nicaragua from the Limon area, the Jueces Islands specifically.

As a reward for this cooperation Costa Rica has received financial aid from the IMF to try to straighten out its critical economic situation, as well as military aid from Washington to bolster its Civil Guard.

Two other allies in the region, Guatemala and El Salvador, received their share of help recently too when Reagan shamelessly certified to Congress that the human rights situation in those countries had improved.

Even though 10,000 people (mainly Indians) have been killed in Guatemala since Gen Efraim Rios Montt took power in March 1982, Reagan contends that the situation there has improved and, therefore, decided to resume military and economic aid to the regime.

A similar approach has been taken with El Salvador, even though there were almost 40,000 political murders in that nation from October 1979 to December 1982. Reagan's certification meant an immediate \$26 million for the Salvadoran Government, part of this year's allotment of close to \$70 million.

Although the aggressor has serious problems at home (unemployment topping 12 million, among others), it has more than enough money to try to maintain its decaying hegemony. Nevertheless, it is underestimating an important factor working against it: the courage of peoples in defending their right to independence and self-determination.

Central America is a good example, especially Nicaragua, which is actively engaged in a national reconstruction in spite of the many obstacles that Washington is placing in its path, and El Salvador, which is marching towards liberation.

8743

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U.S. ACTIVITIES IN HONDURAS, AGAINST NICARAGUA, SCORED

Havana PRISMA LATINOAMERICANO in Spanish Feb 83 p 2

[Commentary by Carlos Mora Herman: "Central America: Keys for Peace"]

[Text] President Ronald Reagan's administration is carrying out a mistaken policy in Central America that does not agree with U.S. interests.

The above was stated categorically during a meeting of the subcommittee for inter-American affairs of the U.S. House of Representatives last September.

The person who made that statement is not a member of any leftist organization. He does not even belong to the sector in the United States that can be called "liberal."

He is Lt Col John H. Buchanan, director of regional studies for the Center for Development Policy and a member of the committee on U.S.-Central American relations.

Buchanan has toured the Central American area on different occasions and knows the situation in Nicaragua, El Salvador, Honduras, Guatemala and Costa Rica well.

Washington's intolerant position toward the situation in Nicaragua and El Salvador has led the U.S. Government to get entangled in a series of lies and falsehoods that constitute a serious obstacle to formulas for rational solution to the problems in the area.

According to Buchanan, the Reagan administration has deliberately exaggerated the Sandinist military capacity using reports manipulated by the CIA which were presented on 9 March 1982.

In order to impose its points of view on Central America, the U.S. Government has unleashed a feverish arms race that forces poor nations to divert their limited resources for social and economic development to sophisticated and expensive weapons.

Honduras was chosen as the base of operations for the aggressive U.S. policy on the isthmus, a type of Central American Israel that does the dirty work for imperialism.



According to Buchanan's testimony, there is a balance of power between Nicaragua and Honduras.

The Honduran Air Force is powerful but Nicaragua compensates for that power with a very effective anti-aircraft defense.

U.S. interference in Honduras is alarming. A real torrent of armaments flows regularly from the Panama South Command to Puerto Lempira, capital of Gracias a Dios Department. Last August a complete battalion of Honduran soldiers trained at U.S. bases in the Canal Zone arrived there, transported in U.S. C-130 airplanes.

That Honduran battalion was later placed in Mocoron, some 25 kilometers north of the border with Nicaragua. It was stated that it was to prevent Nicaraguan raids on the Miskito refugee camp there. Actually, this battalion is there to pressure the Miskitos, the majority of whom want to reach an agreement with the Sandinists and return to Nicaragua.

In testimony before the same subcommittee that heard Buchanan, Dr Thomas P. Anderson said that direct U.S. intervention against the Sandinist government, especially in Mocoron, has been amply demonstrated.

The U.S. ambassador in Honduras, John Negroponte, and his family show great "humanitarian interest" in the Miskito Indians of Mocoron and send large shipments of food, medicine, clothing, etc., that never reach the Miskitos. They are taken by the counterrevolutionary bands that operate in the area, protected by this battalion of Honduran soldiers.

Buchanan himself, after analyzing in depth the reports that he obtained in his frequent trips through the area, reaches the conclusion that a war between Nicaragua and Honduras (incited by the United States) would have "no winner" and would be a very high price to pay for the Washington government's determination to give a military solution to problems that have a social, economic and political origin.

Behind all these machinations is a sinister figure who plays the role that the Reagan administration wants: Gen Gustavo Alvarez Martinez.

He is chief of the Honduran armed forces. He has launched himself on an adventure, dragging along this military institution for the sake of his boundless ambition.

As experts have stated, Honduras does not have the economic or military capacity to impose a military decision on another state.

The solution to the Central American crisis, viewed country by country or as a whole, can only be found through negotiations that consider different factors that cannot be overlooked and permit the participation of all the countries that can in some way contribute positively.

That solution will not be possible if it is not based on the fact that it is necessary to confront the problems of underdevelopment, poverty, hunger, social injustice and the existence of greedy and repressive minorities who keep themselves in power through crime and corruption.

Only then will there be peace in Central America!

7717

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## POLITICAL, ECONOMIC PROBLEMS IN PARAGUAY NOTED

Havana PRISMA LATINOAMERICANO in Spanish Mar 83 p 2

[Commentary by Javier Rodriguez: "Paraguay Time"]

[Text] In the southern part of the American continent, forgotten at times but unmistakably present, is the oldest dictatorship in this part of the world zealously protected by the economic interests of international capitalism, main beneficiaries of the existing situation.

A long process began in May 1954 when Alfredo Stroessner overthrew the government of President Federico Chavez. In addition to the complete disappearance of freedoms in Paraguay, it has meant the gradual delivery of the national wealth to foreign greed.

In that process of betraying the Paraguayan economy, docilely facilitated by Stroessner and his followers in exchange for an unlimited stay in power, the United States has been and continues to be, of course, the one that enjoys huge profits and also dictates the rules of the political game that guarantee the existence of the repressive regime.

However, the reality is that, with all the material means of its propaganda machine, the White House can only partially hide what is happening in Paraguay in its determination to throw a cloak over a terrible history of oppression, death and exploitation.

With more than 3 million inhabitants and a territory of 406,752 square kilometers, the South American country suffers from what the Paraguayans call "dictatorial continuism." This means nothing other than almost 30 years in power of a tyrant, already worn-out by the action of time.

Living under a permanent state of siege, the nation is at the mercy of a merciless police machine, the executor of an official policy that has caused thousands of deaths, missing persons and prisoners as well as the flight from the country of one-third of the population in an attempt to escape from repression and unemployment.

The proscription of opposition parties including the Communist Party, Christian Democrat Party and the Popular Colorado Movement, the cancellation of work

permits for professionals who oppose the government, the closing of student organizations--like the recent closing of the Center for Engineering Students--and exile without appeal of many opposition leaders easily demonstrate the Paraguayan truth.

With the objective of confusing international public opinion, Stroessner has periodically organized election farces in which, of course, he always wins with the votes of more than 90 percent of the electors.

In those farces that have had the public approval of U.S. governments, the participation of those who oppose the dictatorship is banned. On many occasions even those who might play a timid role of disagreement with the established power are banned.

The complete absence of human and civil rights in Paraguay is permanently hidden by the same hierarchs of the U.S. executive branch who, for example, verify those rights in places like El Salvador, Guatemala or Chile.

The reasons for that position can easily be found when the existing data on the Paraguayan economy and the degree of penetration of foreign capital in it, facilitated by the Stroessner regime itself, are analyzed.

Let us begin with the social situation in the country. There are more than 100,000 unemployed in Paraguay. Each year 70,000 children have no education and another 100,000 drop out before fourth grade. About 45 percent of the population is illiterate.

About 5 percent of the Paraguayans have 50 percent of the national income. Concerning material goods produced by the country, 80 percent of the citizens only receive 20 percent of the goods.

To demonstrate the disastrous state of the economy, let us say that in 1982 industrial production decreased more than 10 percent, corn exports declined to 85 percent, coffee to 77 percent, wood to 46 percent and tobacco to 33 percent.

The tentacles of U.S. monopolies totally control the most profitable sectors due to the concessions obtained from the government through submission or bribe.

We can see that 12 of the 15 main enterprises in the country are foreign and foreign consortia own 30 percent of Paraguayan territory for exploitation as well as 20 percent of the national livestock.

Those interests control the wood industries, chemical and veterinarian products, textiles, refining and marketing of oil derivatives, 80 percent of foreign trade, 90 percent of the banks and extraction of oil and minerals.

With the solicitous cooperation of the national rulers, foreign capitalists participate in smuggling which is one of the most important businesses in Paraguay and seriously affects the national economy.

Counterrevolutionaries of Cuban origin residing in the United States have taken control of drug smuggling particularly, always allied with Paraguayan politicians and military.

This is the "paradise" in Paraguay thanks to a government without many scruples, the true expression of the "free world" that Washington defends.

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## ECONOMIC DIFFICULTIES, IMF AID TO CHILE DISCUSSED

Havana PRISMA LATINOAMERICANO in Spanish Mar 83 p 58

[Commentary by Jose Bodes Gomez: "An Aspirin for Pinochet"]

[Text] A version of the IMF confidential report on the economic situation of Chile is circulating in that South American country. It gives a gloomy view of its present and future problems.

The IMF analysis states: "The deep recession and financial crisis in Chile have adversely affected domestic as well as foreign confidence in the ability of the authorities to manage the economy."

At a meeting with a group of important businessmen at the end of last year, Gen Augusto Pinochet himself recognized that the country is going through distressing times.

According to the data published by the Central Bank, the balance of payments in 1982 had a deficit of about \$1.5 billion. Monetary reserves went down \$1.7 billion that same year.

Chile's foreign debt grew enormously in recent times. It is now estimated at \$18 billion. The "Gemines" professional studies association estimated that each Chilean owes \$1,500 in foreign debts, one of the highest per-capita rates in the underdeveloped world.

However, the majority of the Chileans would not be able to pay that debt due to the fact that the unemployment rate affects at least 30 percent of the working population.

Street scenes in Santiago, Chile, are unquestionably depressing. Last Christmas thousands of street vendors inundated the sidewalks and plazas downtown to try to earn some money to alleviate their poverty. The police tried to persecute this unauthorized trade but it quickly gave up facing the multitude of needy and the horrible impression that its coercive measures would have among the people in general.

No one in Chile except Rolf Luders, minister of finance and economy, has confidence that the country will be able to get out of this crisis with the present government.

The president of the Professional Engineers Association, Eduardo Arriagada, complained that half of his colleagues do not have work. The president of the Chilean Construction Chamber, engineer Modesto Collados, maintained that that sector is going through its worst crisis in the last 50 years.

In Santiago, Chile, alone, the number of construction permits requested in 1982 represented about 80 percent fewer than in 1981.

The president of the Chilean merchants, Rafael Cunsille, stated: "The chances are now worse than ever for short-term revitalization." Economist Jorge Marshall, former division chief of the IMF, in an interview granted to the magazine COSAS predicted that Chile will take 2 or 3 years to overcome the crisis. There will be a slow growth because the rate of investments has been very low for several years and it will take "time" to overcome the bankruptcies of enterprises and losses in the business sector.

The School of Economic and Administrative Sciences of the University of Chile, in a study published at the beginning of this year, felt that revitalization of the world economy is basic for the country to recover. The alleged revitalization would become noticeable in the second half of 1983 and will be modest and slow, according to this analysis.

As to IMF credit, the school recognized that it will mean greater indebtedness of the public enterprises. It feels it will be difficult for the private sectors to obtain new loans abroad.

The Production and Trade Confederation led by Jorge Fontaine asked for "the growing and dangerous breach we see between official statements and the harsh reality of Chilean enterprises now" to be narrowed. As statistical data, it can be added that more than 800 enterprises declared bankruptcy in 1982. This is almost as many as in the previous 2 years together which was already considered high.

The president of the National Union Coordinating Board, Manuel Bustos, a Christian Democrat, was expelled from Chile in December. A few weeks later, in a statement to a Belgian newspaper, he revealed that the economic policy of the military government "has not only caused 30 percent unemployment but has stifled national industry and agriculture through the debts contracted with private banking."

Minister Luders used to be vice president of the Mortgage Bank. He ordered the liquidation of that institution along with that of the United Development Bank and the financial enterprise Ciga as part of a package of measures that included intervention in five banks--including the two largest private capital ones--which together accumulated a foreign debt of \$3.9 billion.

This year Chile must pay some \$3 billion in debts. This represents approximately 80 percent of the foreseeable exports of the country.

The effects of the 10 years of Pinochet government on the economy are visible and recognized by all: indebtedness, unemployment and recession at proportions and levels that the regime cannot control.

The IMF credit is a type of aspirin that lowers the fever (in this case, the cessation of payments) but does not cure the disease--that is, the crisis, the mortgage of the country and the turnover of its wealth to the multinational monopolies.

7717

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## PROBLEMS WITH LOS ANGELES SUMMER OLYMPICS NOTED

Havana PRISMA LATINOAMERICANO in Spanish Mar 83 pp 52-53

[Article by Fausto Triana: "Uncle Sam's Indifference"]

[Text] Although it would not be inaccurate to call Los Angeles one of the world's most modern cities, the largest city in the state of California and the site of the 1984 Summer Olympics raises dozens of question marks for National Olympic Committees: the high crime rate, the constant traffic jams, the smog and, as if this were not enough, the high prices.

We can assert with absolute certainty that with the world's number one sporting event a bit more than a year away, the member countries of the international Olympic movement have their doubts about certain facets of the upcoming Olympiad.

The world's athletic officials have expressed concern over the lack of security offered by the organizers of the 1984 games, who intend to place a good many plainclothesmen in unsuspected spots, for example, behind the steering wheel of buses or at souvenir stands.

Uneasiness persists about the measures planned by the Los Angeles Olympic Organizing Committee (LAOOC), and with good reason. During the meetings of the ACON [Association of National Olympic Committees] and the IOC [International Olympic Committee] in Los Angeles this past January, several delegates were robbed in different ways.

For example, at the hotel at which he was staying one of the delegates met a woman who claimed to be a masseuse. Once in his room, she made off with \$1,000 and the Olympic official's papers.

Another delegate "lost" \$50 when a purported employee asked to have his jacket so that he could wipe off some "stains" on the rear. A third fellow was charged \$80 by a taxi driver (which is expensive enough already), gave him a \$100 bill and is still waiting for the change.

## Smog, Traffic and High Prices

Already resigned to the problems that smog is inevitably going to cause for the participants at the 1984 Olympics, the athletic officials are focusing their talks with the LAOOC on the complex transit system in Los Angeles and on the prevailing high prices in the city.

The environmental pollution and the generally high temperatures in California's largest city could adversely affect the performance of the athletes in the games. Even the LOS ANGELES TIMES has repeatedly pointed out that the LAOOC is doing nothing to resolve this situation.

Josef Keul, a renowned West German physician, stated in this regard that the smog and the lack of adequate medical facilities would make these the worst Olympic Games in history.

"I have looked after the health of the athletes since 1960, but I have never before seen such poor conditions. They don't have an X-ray machine or an electrocardiogram there," he asserted.

There is also the perennially congested Los Angeles traffic. Everyone agrees that the city ought to set aside one of its main avenues for the exclusive use of the Olympic athletes.

There are frequent traffic jams on the avenues and streets of Los Angeles, and thus there is concern about providing transportation for the athletes, who have to be at the competition sites at a specific time, and for anyone who injures himself at the facilities or the Olympic Village and has to be taken to a public hospital.

Another drawback that seems hard to overcome is the high cost of living in the future Olympic city. There are few hotels that charge less than \$50 a room, and meals are extremely expensive.

There will be four Olympic Villages: one at UCLA (this is where Cuba, Mexico, the Soviet Union, Bulgaria, Poland and Czechoslovakia, among others, will stay), another in southern California, a third in Santa Barbara (rowing) and the fourth in Las Vegas (shooting). All of them offer fine conditions in general but are far apart, and some are too far from the competition sites.

Although the athletes participating in the games are always charged reasonable prices, the LAOOC wanted \$45 a day for each of them. After strenuous efforts by the IOC, it dropped this to \$35, which is still high given the major capitalist economic crisis that is directly hitting the underdeveloped countries.

With the backing of the "Olympic Solidarity" funds, which will defray the expenses of six individuals from each country participating in the 23rd Games, the next Olympiad should post a record in the number of attending nations, though there will be fewer athletes than in Moscow-1980 or Montreal-1976.

For the delegations consisting of 1 to 50 members, the IOC will pay the LAOOC a deposit of \$4,200 before 1 March 1984, while the delegations consisting of 51 or more individuals will receive the same amount in cash from the IOC but will have to pay the LAOOC \$35 a day per delegate before 1 March of next year.

These are the stipulations for attendance at the Olympics, but at the same time, large delegations are being held back by the prices that the LAOOC is charging, all of which are high and worrisome to underdeveloped nations and even to the economically strongest countries.

At this point the countries of the so-called Third World and especially the Latin American countries are alarmed by the LAOOC's demands and are even unhappy with the \$35 price tag, which was hammered out after intense discussions at the IOC and ACON meetings, at which the chairmen of the two committees, the Spaniard Juan Antonio Samaranch and the Mexican Mario Vazquez Rana, played major roles.

"We are going to have serious difficulties participating in the Olympics with delegations of reasonable size. The \$35 price tag is higher than at previous Olympics and creates tremendous problems for us in putting together our contingents," Jaime Munoz Campuzano, a prestigious Ecuadorean sports official asserted in this regard.

The 1984 Olympic Games are taking a new approach to organization. It is being handled by private firms that are making ready for the competition with just one thought in mind: spend as little as possible on construction and do everything possible to make fat profits.

With its broad avenues, freeways, skyscrapers and 10 million inhabitants, Los Angeles has raised doubts in the sportsworld. Made up of more than 40 small cities, this smog-covered giant is prompting concern among the future Olympic competitors.

And its indifferent mascot, the little eagle named Sam, who lacks the delightful charm of Montreal-1976's beaver or Moscow-1980's "Misha the Bear," seems to be calmly saying: "I'm washing my hands of it..."

8743

CSO: 3248/792

## GUERRILLA DIALOGUE: CLARIFICATION SOUGHT, PDC'S POSITION

## Chavez Mena Must Speak

San Salvador LA PRENSA GRAFICA in Spanish 25 Apr 83 pp 7, 11

[Article by Dr Francisco Roberto Lima: "Foreign Minister Chavez Mena Must Speak Out After Statements by Engineer Duarte"]

[Text] On 20 April there was an article with the headline: "Duarte criticizes Salvadoran Armed Forces." This article was from the press agency ACAN-EFE. To me, it was one of the most important articles on our national policy in recent times. I say this not only because of the repercussions it can have on our political future but also because it explains a number of unknowns that arose during the administration of the government junta led by engineer Duarte.

Engineer Duarte unequivocally criticized "the Salvadoran Armed Forces harshly," the armed forces that kept him in power against the will of the majority of the Salvadorans. Duarte also stated: "He is an advocate of dialogue with the guerrillas." We all suspected this during his administration. It explains why engineer Duarte spoke out against the U.S. military aid to El Salvador and his tolerance toward the Democratic Revolutionary Front formed by his former party comrades. I feel that this cannot go unnoticed by the Salvadoran people. It forces us to open our eyes at this crucial time when everything seems to indicate that the pressures of the interfering governments of Mexico, Venezuela, Colombia and Panama (guilty of the Marxists-Leninists reaching power in Nicaragua) combined with the incomprehensible position of the U.S. Congress will force the government of our friend, President Reagan, to deliver us on a tray to the communists as it did Poland, Yugoslavia, Czechoslovakia, China, Cuba, Nicaragua, etc., etc. U.S. foreign policy has been characterized by neglect of its friends and their turnover to Marxism-Leninism. There is always a Kerensky to play this dirty game.

Engineer Duarte and his Christian Democrat group put in power by the U.S. Government and supported by the Christian Democrat government of Venezuela have realized or, possibly, have been informed by their sponsors that dialogue with the guerrillas is the road that will be imposed on us. Unquestionably for this reason, they come out openly in favor of that dialogue in spite of the fact that they know that the Salvadoran people are against it.

The fact that engineer Duarte favors dialogue with the guerrillas is not important to us at this time. He is the presidential candidate of the Christian Democrat Party and the good people will show him what they think of Kerenskys at the proper time. What should concern us is that, because of his position, Foreign Minister Chavez Mena, a prominent member of the Christian Democrat Party, is representing our country at the international meetings where the fate of El Salvador is being determined. That should concern us since, based on the statements by the head of his party, the Salvadoran people should clearly know what he thinks about dialogue with the guerrillas, a dialogue that has been categorically rejected by President Magana on many occasions. If Foreign Minister Chavez Mena thinks the same as engineer Duarte, he should resign from the Foreign Ministry since this conflict of interest will not let him defend us against the danger of dialogue. If he does not agree with his presidential candidate and he feels that we should not dialogue, he should state this publicly for the tranquillity of the Salvadoran people. I know it is not the first time Dr Chavez Mena has been in such a position. He never spoke out publicly about his position toward the participation of the private sector in public administration, a position that he was asked to clarify because his Christian Democrat Party isolated the private sector and he received large fees from some members of this sector for whom he acted as lawyer.

Foreign Minister, given the seriousness of this situation and the fatal consequences that can result from your actions, as a Salvadoran citizen I ask you to clearly explain your position on dialogue with the guerrillas.

21 April 1983

Duarte: Presently Impossible

San Salvador LA PRENSA GRAFICA in Spanish 3 May 83 pp 7, 11

[Article by engineer Jose Napoleon Duarte: "Answering a Distortion"]

[Text] Some days ago an article appeared with the tendentious headline: "Duarte criticizes Salvadoran Armed Forces." It was taken from the Honduran newspaper EL TIEMPO by the press agencies ACAN-EFE and ANSA and published in local newspapers.

Because of that article, the ever-present opportunists have started up--and I believe will continue parading--in order to be noticed, ingratiate themselves politically and provoke discord in the heart of the Christian Democrat Party to which I belong.

I will say to the opportunists anxious for notoriety that I am not going to argue with any of them. The people know them well and also know me so it is not worth the trouble to answer them.

In view of the fact that this article puts ideas in my mouth on dialogue and the crisis in the armed forces tendentiously and incorrectly, I want to clear up some insidious unknowns.

1. Origin of the article. On 17 April 1983, I was invited to present my points of view at a conference on "Socioeconomic profile of Central America" at the Central American Mass Communications Seminar held in San Salvador and attended by journalists from all the Central American countries.

During an intermission of the conference, some of the journalists including the Honduran reporter came and asked me questions about the current situation, basically the military crisis, the possible resignation of the minister of defense and other topics including the well-known question about dialogue.

I was aware of the extremist position of the reporter. In the next part of my talk in front of the reporter in question, I referred specifically to that interview to point out to the journalists present (30 or more) how serious and unjust it would be to publish distorted or malicious news to confuse the peoples and possibly worsen the conflicts.

I want to establish that the Honduran reporter distorted my statements and capriciously edited the article. Only hypocrites and political enemies would be scandalized since everyone knows that this was not the first time nor will it be the last time that the statements of an official or politician have been distorted.

I simply expressed my points of view on the subject mentioned and the journalist edited his article based on his special inclination or interests.

2. The crisis of the armed forces. I feel that no one is ignorant of the fact that, so far this year, the military institution has had a number of internal problems like the case of the Sesuntepeque commander. These led to the process to change the minister of defense.

My statements referred precisely to the fact that when those internal disagreements affect discipline, rank and honor, they endanger the basis and purpose of the military institution. That concern about the unity of the armed forces is shared by General Vides Casanova who stated publicly: "I have not participated in the disagreements (within the armed forces). I am neutral; I do not belong to any of the groups. It has fallen to me to be mediator. It is no longer time to think about individuals but to seek a formula for unification."

I have always said that the armed forces must remain united and committed to the best interests of justice and freedom of our people in order to be guarantor and artisan of the democratic process and respect for the law. It must also defend the nation from terrorists who seek to take power through violence in order to implant Marxist totalitarianism and from those rightist extremists who want to return to dictatorial ways.

My position in defense of the armed forces, its unity and its leading role in the process of democratization and respect for human rights is well known by the military. On innumerable occasions, chiefs and officers joined me in that task both within the country and abroad.

3. Dialogue. During the years of crisis of our fatherland, many comments have been made nationally and internationally on the subject of negotiation,

dialogue or talks between the Salvadoran Government and the rightist or leftist opposition.

The significance of dialogue in our country has been deliberately distorted.

The Marxist left has instrumentalized dialogue abroad, presenting it as an altruistic gesture that reveals the FMLN-FDR as civilized and consistent in the search for a peaceful solution within the country and the government as uncivilized and intransigent. Dialogue has been presented as synonymous with unconditional surrender, justified as integration of the guerrillas and the armed forces by the same left and as a recalcitrant position of the far right. Also in recent times, the guerrilla offers for dialogue have been accompanied by aggressive offensives and economic destruction in order to reinforce that concept and refusal.

The Christian Democrat Party and I myself have held that, under the present circumstances of destruction, pain and death caused by the October 1982 guerrilla offensive, no dialogue with them is possible. We have also maintained that the road to peace must go through social justice, respect for the rights of Salvadorans, freedom, etc. The initial dialogue must begin with the national forces that want to achieve the prior objectives of democracy, peace, freedom and respect.

I have always rejected the simplistic offers for dialogue that have publicity objectives. I have also rejected the radical refusals to every effort to find peaceful solutions because both are radical, malicious and lead to military and bloody solutions.

I believe that God gave man speech in order to seek social communication and coexistence. Social conflicts should preferably be resolved by talk, "with sincere dialogue between the parties and not with arms," threats, blackmail or death.

I have always stated that sincerity is the determining factor in the search for peace. I fully agree with the words of the Holy Father when he said:

"In my last message for the day of peace, I stressed trying to overcome the obstacles that prevent dialogue. It is even more necessary to point out the tactical and deliberate lie that abuses language, resorts to the most sophisticated forms of propaganda, obstructs dialogue and worsens aggression."

Dialogue cannot be a tactical truce in order to strengthen positions for continuation of the struggle. It must be a sincere effort to respond, through the search for agreement, to the anguish, pain and fatigue of so many who desire peace, so many who want to live, reborn from the ashes, to seek the warmth of the smiles of children, far from terror and in a climate of democratic coexistence.

He also said in Nicaragua:

"In the name of He who, for love, gave his life for the liberation and redemption of all men, I would like to make my contribution to end the sufferings of

innocent peoples in this area of the world, to end the bloody conflicts, hatred and pointless accusations, giving way to genuine dialogue, a dialogue that is a concrete and generous offer for a meeting of good intentions, not possible justification to continue encouraging division and violence."

All of us Salvadorans must make a real, sincere effort to seek peace. To do otherwise would be unchristian.

7717

CSO: 3248/785



## SERRANO ELIAS REPORTS ON MEETING WITH REAGAN, BUSH

Guatemala City EL IMPARCIAL in Spanish 17 May 83 pp 1, 10

[Text] The relations between the United States and Guatemala are now set on new grounds toward a better understanding. The President of the Council of State, Jorge Serrano Elias, declared today that: "After going badly for six years, a process of rapprochement has begun which, it is hoped, will bear fruit in a relatively short time."

This is the conclusion that Serrano Elias reached after meeting the week before in Washington with President Ronald Reagan and Vice President George Bush.

With signs of satisfaction Serrano Elias said: "It is the first time in many years that an envoy of the Guatemalan Government has had a meeting of this type; I was granted such an honor."

The president of the Council of State presumes that his historic meeting will generate benefits for the nation of a political and economic nature when within a short time full support is obtained from the North American Government.

He stressed that: "President Reagan said he was pleased with the achievements that we have made in the area of human rights and in beginning a process towards the country's democratization."

He added that Reagan showed interest in the socioeconomic report and foresaw possible aid at an undetermined time to reinforce the plan that the present Guatemalan Government has been implementing.

Serrano Elias took the opportunity to deny that he had assured [as received] in the United States that "Guatemala was not prepared for democracy." These declarations were attributed to him by biased political groups.

He said that he is prepared to prove what he really said in Georgia where the conference took place at the university level. It was attended by two official delegates, a Guatemalan political leader and two business sector representatives.

The President of the Council of State concluded: "I traveled to the United States as an envoy of President Rios Montt. Therefore, I confirm the declarations that I had already made here that the call for elections will be made 23 March 1984."

## RIOS MONTT SATISFIED WITH RESULTS OF AMNESTY

Guatemala City DIARIO DE CENTRO AMERICA 28 Apr 83 pp 1, 8

[Text] During a press conference held in the National Palace banquet hall, Gen Jose Efraim Rios Montt, president of Guatemala, declared yesterday: "I am well satisfied with the results of the reconciliation amnesty, since many people have surrendered."

A large number of people have accepted the amnesty, including some who had come here from Mexico and chose to leave the subversive ranks, as well as mid-level professionals--not doctors or lawyers but teachers and others below them.

The chief executive said that this success had served to encourage extension of the amnesty for a month, "because we do not seek confrontation but rather agreement on the principles that unite us and inspire us in our struggle to create a nation."

## Greetings to Workers

"I also want to take this opportunity to send all Guatemalans particular and special greetings and congratulations," President Rios Montt added, "because we are all workers, and I would like to greet you on the occasion of 1 May, the day on which International Labor Day is celebrated."

"Similarly," the chief executive said, "Mothers Day is celebrated in May, and my respect and admiration go to them."

## Meeting With Trade Unionists

Another of the various topics the president discussed during yesterday's press conference was his recent meeting with several trade union leaders. He said that what they were really asking for was understanding on the government's part for trade unionism.

"I admitted to them," added the chief executive, "that our training, schooling and educational indoctrination had not inclined us to be favorably disposed to the trade union concept; nevertheless, we recognize the need for trade unionism and consider it vital for both worker and employer."

"They asked that their interests be taken into consideration, and we said," the president stressed, "that not only was this an obligation on our part but also that we were going to redirect education concepts, at both the business and institutional levels, because we are very much interested in the trade union question."

12336

CSO: 3248/770

NATIONAL POLICE WILL NOT ALLOW BLACK MARKET IN DOLLARS

Guatemala City PRENSA LIBRE in Spanish 29 Apr 83 pp 2, 77

[Report on interview with Rafael Angel Zamora, director of Posts and Telegraphs, by German Duarte Castaneda]

[Text] The National Police force has begun to appear on duty at the north entrance of the Office of Posts and Telegraphs to prevent a black market in U.S. dollars from continuing to operate there. This was stated yesterday in his office by Rafael Angel Zamora, the director of the Office of Posts and Telegraphs.

The black market in U.S. dollars is nothing other than a source of dollars parallel to official institutions. It has come into existence due to the shortage in foreign exchange and to permit business firms to carry on their activities, according to the director general of posts and telegraphs, in an interview with PRENSA LIBRE.

He stated: "This black market has come into existence as a result of exchange control. Faced with this situation businessmen use all means available to obtain foreign exchange with which to make their purchase of goods abroad."

He added: "In this connection, to give the background, we should mention that a few days ago we had problems due to the fact that when money orders came in, some mailmen had turned themselves into liaison agents between the person receiving the money order (or check) and the purchases of foreign exchange. Naturally, those mailmen were getting a commission for that service."

[Question] What did you do to stop the practice?

[Answer] To stop it, we opened Office No 118 in which we personally deliver the notices to addresses which may cover the transmission of money orders. In this way we prevented people who had obtained the services of mailmen by offering attractive commissions from continuing this kind of activity.

[Question] Could this kind of operation be regarded as a bribe?

[Answer] No, not at all. This did not involved bribes, for it was apparently a form of legitimate business.

[Question] What procedure was used to carry out this operation?

[Answer] The person interested in buying U.S. dollars was treating the mailman as an employee, so to speak. The mailman would ask you, for example, if your money order was for \$100. If you said it was (this would happen when the mailman was delivering the notice to your home), he would offer you \$10 more, as a result of which you were getting an extra amount of money for turning over \$100. Certainly you would have to endorse the check or money order first of all.

[Question] What did your office do to stop this kind of transaction?

[Answer] I brought together all of the mailmen and I made them see that they were becoming involved in the commission of a crime. I told them that, first of all, they were state employees and their duty was simply to distribute mail to the respective addressees, without asking them what was in the letters.

[Question] That might be regarded, at first glance, as a general warning. However, from the legal point of view, what action did you take?

[Answer] We have authority under the legislation issued by the monetary commission which, in Article 20, states that conducting business in foreign exchange is prohibited and that such operations can only be carried on by the Bank of Guatemala and other, authorized banks. The penalty for such illegal actions can be a fine three times the value of the sum of money under negotiation (such as the purchase of U.S. dollars). Application of this provision of the law comes under the Ministry of Economy, with the participation of the Bank of Guatemala. This is to protect our stocks of foreign exchange and to make sure that they stay here.

[Question] Was the commission of such a crime ever established?

[Answer] Never, but in that way the matter was called to the attention of all persons concerned. Furthermore, they could not continue with this practice, since we arranged to deliver the money orders directly to the addressee, who now is called to present himself to the office I previously mentioned.

[Question] "And how did the Bank of Guatemala react when it learned of the existence of this black market in U.S. dollars?

[Answer] They cooperated with us and for this purpose they established an agency here in the Directorate General of Posts and Telegraphs to pay for checks in American dollars.

[Question] But that involves a risk for the bank.

[Answer] Certainly, the bank takes a risk in paying immediately, for the 20 days provided for in the regulations to see if the depositor in fact has funds available in United States banks are waived.

"However," the official continued, "we should make it clear that the black market in U.S. Dollars is well-known to the public. Those persons interested in buying dollars place advertisements in the press or issue leaflets to this effect. In this connection they recently arranged to send representatives to the Directorate General of Posts and Telegraphs agents to contact those receiving money orders, to whom they offered up to 30 and 42 percent more than the official rate. For the last few days we have gotten rid of them due to the presence of the national police officers, since those trafficking in U.S. dollars had turned the entry to the Directorate General of Posts and Telegraphs into their center of operations..."

He continued: "We should add to all of this, with some regret, the fact that we have learned that one person who had endorsed his money order was 'cleaned out' because the 'businessman' was a thief. He ran away so that the victim was unable to contact him. Another case involved a lady. She cashed her money order, they paid her the corresponding extra percentage. However, it turned out that the 'coyotes,' as those involved in this kind of operations are called, followed her to the vicinity of the Directorate of Immigration, where they attacked her and took all her money."

5170

CSO: 3248/782

## MILITARY ZONE NO 3 INAUGURATED WITH HEADQUARTERS IN CHIMALTENANGO

Guatemala City DIARIO DE CENTRO AMERICA 28 Apr 83 pp 1, 8

[Text] Military Zone No. 3 was inaugurated yesterday in a ceremony held at the Chimaltenango municipal stadium, in which high military and departmental authorities, military reservists and students of the department's public and private schools participated.

A colorful parade had previously been held; with Guatemalan Army troops in the lead and reservists, civilian patrols and students following, it traversed the principal streets of the city of Chimaltenango before ending at the stadium.

The ceremony began with the Indian choir of San Juan Comalapa singing the National Anthem in Cakchiquel dialect; then an Army General Order was read, setting forth the High Command decision to establish Military Zone No. 3 with headquarters in Chimaltenango.

Brigadier General Hector Mario Lopez Fuentes, chief of the National Defense staff, delivered the inaugural address, stressing that, today more than ever, we Guatemalans need to be united in order to repel the enemies of the fatherland, because we face the historic challenge of making Guatemala a strong nation to leave as a legacy to future generations. He also pointed out the desirability of building up army units throughout the national territory as a necessary means of guaranteeing our sovereignty and preserving peace and security for all Guatemalans.

At the end of his speech, General Lopez Fuentes handed the national colors over to Col (Inf) Victor Vasquez Echeverria, commander of Military Zone No. 3. Alluding to this symbolic act, the latter observed that in 1976, confronted with a catastrophic earthquake, the people and army had stood together and created a new Guatemala. But, Col Vasquez said, there was a difference between this natural disaster and the acts of groups of criminal subversives who want to enslave Guatemala. Fortunately, there existed a spirit of understanding and unity among Guatemalans, who had backed up the armed forces and said no to the false Guatemalans who destroyed lives and property, he concluded.

After a bugle call for silence in commemoration of military personnel who had fallen in line of duty, the army hymn was played.

Jose Maximo Lopez Sanchez, governor of the department, and Daniel Antonio Rodriguez Gonzalez, mayor of Chimaltenango, then spoke, referring to the establishment of Military Zone No. 3 and its enormous benefit to the department. Also present at the ceremony was Col (Inf) Hector Alejandro Gramajo Morales, deputy chief of the National Defense staff.

12336

CSO: 3248/770



NEW PACIFIC PORT YIELDS FIRST FRUITS AFTER ONE MONTH

Guatemala City DIARIO DE CENTRO AMERICA 28 Apr 83 p 4

[Text] The new Pacific port has already yielded its first fruits and, only one month after the initiation of limited operations, the government has collected more than a quarter million quetzals through its operation.

Capt Edgar Villanueva has stated that 180,553.94 quetzals have been invoiced as a result of operations carried out in the first month.

He also said that a total of 210,515.00 quetzals is awaiting invoicing, which makes a total of 391,068.94 quetzals in new government revenues.

Among his statements, Capt Villanueva explained that, when limited port operations began a month ago, this was pursuant to specific objective number 1 of the reorientation program put into effect on the establishment of the new government.

Summary of Cargo Moved

In addition, Captain Villanueva, executive director of UNECPA, revealed that to date a total of 42,434 metric tons of cargo have moved through that port.

Imported goods moved totaled 11,497 tons and exported goods 30,937, Captain Villanueva explained when questioned on the subject.

12336

CSO: 3248/770

## BRIEFS

POPULATION STATISTICS--Guatemala will have 8 million people under 19 years of age by the end of the century, according to statistics made public by the Family Welfare Association. These statistics show that at present 55 percent of the total population is under 19. This group thus constitutes a population of about 4 million people. APROFAM [Family Welfare Association] states that this group represents an enormous potential force, but is also potentially explosive. The organization asks itself: "what will those millions of Guatemalan children and young people do with their lives? Where will the new jobs come from, the educational facilities, the sources of productive work, the homes and other facilities for the time when they decide to establish their own families?" This organization says that this is the picture which our immediate future presents and that it should receive maximum attention so that we may begin a search for solutions immediately. [Text] [Guatemala City EL IMPARCIAL in Spanish 27 Apr 83 pp 1, 1-] 5170

TAX STRUCTURE SIMPLIFIED--Out of a total of 325 different, specific taxes which Guatemalans have to pay, the entry into effect of the tax reform will leave only 20 taxes still payable. The remaining 305 taxes will be abolished. This may be inferred from the statements made by the minister and the two deputy ministers of finance in making public details of the new taxation system, part of which will enter into effect during the first week of May and the remainder of which will take effect on 1 July. It was not stated which taxes will be abolished. It was only stated that the abolition of some taxes which brought in little revenue, that is to say, which had little effect, had been advanced. It was stated that a considerable number of small-scale taxes were being abolished which had little financial impact but which had a high social cost to those obliged to pay them. These taxes include: those on health premiums and certificates (282), taxes on molasses, salt, raffles, cock fighting, hunting alligators, certificates of sale of turpentine, certificates for foreign travel agents, and taxes on second-hand shops, street peddlers, on card playing and on carrying firearms. [Text] [Guatemala City PRENSA LIBRE in Spanish 29 Apr 83 p 4] 5170

CSO: 3248/782

## OPPOSITION CHARGES PRI WITH AGGRESSION, PRI COUNTERCHARGES

Mexico City PROCESO in Spanish 2 May 83 p 29

[Article by Gerardo Galarza]

[Text] PRI Senators Manuel Ramos Gurrion and Patrocinio Gonzalez Garrido attributed the recent violence in the states of Guerrero, Chiapas, Puebla, Mexico and Jalisco to simple "political passions." The acts of violence, in which members of opposition parties and of PRI were involved, were protested in the Standing Commission of the Congress of the Union.

The protest against the incidents, which included murder, was submitted to the commission on Wednesday 27 April by representatives of the Unified Socialist Party of Mexico (PSUM), the National Action Party (PAN) and the Mexican Democratic Party (PDM), even though "we knew perfectly well that the Standing Commission is not empowered to intervene in these sorts of matters" and that "our lists of complaints, as some PRI people call these protests, are always answered by a no less shopworn list of lies."

Edmundo Jardon Arzate, from the PSUM, spoke out against the shootout between PRI and PSUM members on Sunday 24 April at Xiochapa in the municipality of Alcozauca, Guerrero, over problems in the election of the Xiochapa municipal commissioner. A PSUM activist was killed; seven people were wounded, and a car belonging to Othon Salazar, a PSUM leader, was destroyed.

He also protested that on Monday 25 April in Moyotzingo, Puebla some 40 gunmen hired by local bosses attacked a group of PSUM activists as a party-sponsored low-cost transportation cooperative between that town and San Martin Texmelucan was being inaugurated. Two people were killed and seven were wounded.

Jardon recalled that in Ocoyoacac and San Juan de los Jarros activists in his party or plain citizens taking part in grassroots struggles have been jailed.

The PSUM deputy said that all of these cases have common elements: "Local bosses and municipal, judicial or state authorities opposing what has been proclaimed nationwide: political pluralism or the exercise of democracy."

Baltazar Ignacio Valades Montoya from the PDM then reported on the picketing that members of his party are engaged in outside the Government Palace in Guadalajara, Jalisco, calling for special elections in the municipality of San Julian. He also protested that electoral problems in Yahualica, Jalisco have led to confrontations between the PDM and PRI and to the arbitrary arrest of "several PDM leaders who were attending Mass."

Gerardo Medina Valdes from the PAN then approached the podium to denounce the murder of the mayor of Acala, Chiapas, Leopoldo Grajales Ordenez, who was attacked by Vidal Interino, the PRI candidate whom he had defeated in the recent municipal elections. The PAN mayor was assaulted at the door to his house on Sunday 24 April. Grajales Ordenez managed to wound his slayer, who also died subsequently.

The PAN lawmaker deplored these incidents and cautioned that the climate of violence in Chiapas "is particularly grave and delicate."

Ascending to the rostrum to respond to the opposition's protests were Senators Ramos Gurrion and Gonzalez Garrido. The first gave accounts of what happened in Xiochapa, Guerrero and Yahualica, Jalisco that indicated that the people responsible were opposition party activists.

Gurrion said that PRI condemns such acts of aggression and urges all political organizations to condemn them as well, because "far from contributing to the clean image of a political process that to develop every day, violence tarnishes and holds back democratic progress." He then asked that those found responsible be punished.

Gonzalez Garrido discussed the incidents in Acala, Chiapas and attributed them to personal ill-will and political passions between the two men. He claimed that PAN did not used to exist in Acala and that it won the election the first time it ran because PRI selected a poor candidate.

The Chiapas lawmaker asserted that in his state political banners are of no importance because "the struggle is for survival and to find a minimum of human dignity."

8743

CSO: 3248/795

## CONCANACO COMPARES MAN-HOUR COSTS FOR BASIC FOODS 1979, 1983

Mexico City UNOMASUNO in Spanish 3 May 83 p 1, 8

[Article by Angelica Quezada]

[Text] As of January of this year most of the complaints that the Federal Consumer Agency (PFC) and the National Consumer Institute (INCO) receive have had to do with foodstuffs. These complaints, about the concealing and violation of official prices, account for 80 percent of the close to 3,000 complaints that these institutions receive daily.

For its part, in a study conducted by its economic studies department on a 60-item basket of widely consumed foods, the Confederation of National Chambers of Commerce noted that for 29 of them the number of man-hours of minimum-wage work needed to buy them declined; for 25 of them it rose and remained unchanged in 2 cases.

Most of the items for which fewer man-hours are necessary (such as milk, eggs, tortillas, bread, oilseeds and public transportation) have an official price and are provided by the government. The study did not, however, consider the price that consumers actually pay for them, nor did it take the inflation rate into account, claiming that the Bank of Mexico's indices do not consider it either.

In presenting its investigation, the nation's leading business group said that its findings shed "light on the actual changes in the buying power of workers earning the minimum wage," because it calculates the man-hours needed to purchase basic foodstuffs from 1970 to the most recent month this year.

Among the items that as of this April required more man-hours to purchase are beef, pork and fish.

Beef and pork now demand one more man-hour of work. Fresh shrimp, furthermore, which used to require 8.38 man-hours, now require 45.43.

As far as gasoline is concerned, a person had to work 16 minutes in 1976 to buy a liter; now he has to put in 25 minutes to buy the same

amount at a price of 24 pesos. A liter of beer represented 45 minutes work in 1970; this has now doubled.

With regard to farm products, it used to take 3.59 man-hours of work to buy a kilogram of top-quality dried red peppers; it now takes 7.32 hours. For broad peppers the hours are up from 4.5 to 6.19; for red tomatoes, from 36 minutes to 1 hour 14 minutes, and for green tomatoes, from 26 minutes to an hour and 56 minutes.

It took 24 minutes of work to afford a kilogram of sugar in 1970; it now takes 35. Oats are up 62 minutes to an hour and 46 minutes. Also posting increases were condensed milk, lentils and salt.

The items posting a major decline in the wage-price ratio include a subway ticket, down from 1 minute in 1970 to 15 seconds now; city bus fares, down from 8 minutes in 1970 to 3 minutes, and postage stamps, down from 12 to 6 minutes.

Among the food items that have recorded an improvement in this regard is pasteurized milk, which now takes 2 minutes of work less to buy than in 1970; the authorities set its price at 30 pesos this past April.

A kilogram of white bread (rolls or loaf) also registered a drop from 38 to 26 minutes. Supplies are inadequate, however, and the weight specifications are generally not met. The kilo of eggs required 2.42 man-hours of work in 1970; it can now be bought with an hour and 19 minutes of work at a price of 75 pesos a kilo. Tortillas are down from 17 to 12 minutes; oil from 2 to 1.45 hours, and beans from 58 to 34 minutes. According to complaints received by the PFC and INCO, a kilogram of beans is being sold for up to 85 pesos; a liter of pasteurized milk goes for between 36 and 40 pesos, and a kilogram of beef sells for up to 400 pesos.

The CONCANACO data on beef are based on a price of 299 pesos a kilogram, which requires 5.16 hours of work; the base price for a kilogram of "soup bones" [retazo con hueso] is 139 pesos, requiring 2 hours and 28 minutes of work, and the base price for a boneless end cut [retazo macizo] is 283 pesos a kilo, which takes 4.5 hours of work to buy. As we can see, these prices are hard to find in markets.

8743

CSO: 3248/795

## NEW DATA ON COASTGUARD SHIPS ORDERED FROM SPAIN

Paris LA NOUVELLE REVUE MARITIME in French Mar 83 p 92

[From the "Naval Ships" column by Jean Labayle-Couhat]

[Text] The GH 01 "Cadete Virgilio Uribe," first of the six coastguard ships ordered by Mexico from the Bazan shipyards of San Fernando (near Cadiz), was delivered to the Mexican Navy recently. These vessels--which are identical to the five units that Argentina has ordered from Spain--are also intended for surveillance of the 200-mile protected economic zone. The other vessels have received the following names: "Teniente Jose Asueta," "Halcon," "Capitan de Fragata Sainz de Baranda," "Comodoro Carlos Castillo," and "Vice-Almirante Othan-P. Blanco."

## Specifications

1. Displacement: 767 tons (900 fully loaded).
2. Dimensions: 67 x 10 x 3.06 meters.
3. Propulsion: 2 Bazan diesel engines, MTU type MA-16 V 956 TP, two propellers, 9,000 horsepower (6,620 kilowatts).
4. Performance:
  - a. Speed: 21.5 knots.
  - b. Cruising radius: 5,000 miles at 18 knots.
  - c. Range: 20 days.
5. Armament:
  - a. One 40-caliber Breda Bofors.
  - b. One light helicopter.
6. Crew: nine officers and 28 men.

10992

CSO: 3219/29

## SECOFIN WILL KEEP PRICE CONTROLS, AID EXPORTERS

Mexico City EXCELSIOR in Spanish 7 May 83 pp 1, 9

[Article by Jose Manuel Jurado]

[Excerpts] Cuernavaca, Morelos, 6 May--Given the current inflation in Mexico, price controls will definitely not be eliminated, mainly on farm produce and basic items of mass consumption.

The secretary of commerce and industrial development, Hector Hernandez, asserted this yesterday at a 5-hour meeting with the public and business sectors of Morelos.

At the meeting the head of the Commerce and Industrial Development Secretariat (SECOFIN) indicated that under the program for the production, supply and control of the basic shopping basket, every effort would be made to keep prices from rising fast enough to erode the buying power of wages.

In other words, wages and prices will be linked. Adjustments do have to be made, but they must be moderate and always aim at maintaining the maximum buying power of wages. However, he repeated, we are not in a position and it is not our objective to abolish price controls. Nevertheless, we will accept requests for adjustments, because given the inflation in the country costs rise to a varying extent, and in one way or another this is reflected in price levels.

## All Must Contribute

In response to a comment by businessmen, the secretary said that with regard to the ethics campaign and corruption there have in fact been different degrees and types of corrupt practices, adding that the public sector is not the only one guilty of improper activities; there have been such goings-on in private enterprise as well. We must all contribute to the president's program of moral renovation, both in government and in business. "As far as we are concerned, we are striving to cut down on such practices and we will make appropriate and strict use of our powers to punish them, but I would stress that the moral renovation is a basic task for all Mexicans."



## Red Tape Simplified

Later, in addressing problems that are curbing exports and essential imports, both the secretary and his colleagues in the secretariat, the head of the Mexican Foreign Trade Institute and a representative of the Bank of Mexico pointed out that the prior import permit for many tariff items would be abolished and that industrialists could use the foreign exchange they earn from their exports to pay for their imports. To promote exports, they will not require prior permits for 94 percent of the items in the tariff sections, the exceptions being mind-altering substances, sedatives and articles that are indispensable for the nation's development.

With the help of the secretariats of agriculture, finance and health, the requests will be submitted and the procedures completed at a single window at the Mexican Foreign Trade Institute. All of the facilities to be granted will be available at SECOFIN's local branches throughout the country.

It was mentioned at the meeting that the Foreign Trade Bank would promote exports and that the Bank of Mexico was involved in negotiations with foreign suppliers and banks to get them to lend to exporters.

8743

CSO: 3248/795

## 'INCONSISTENT' AGRICULTURAL POLICY AFFECTS PRODUCTION

Mexico City PROCESO in Spanish 25 Apr 83 pp 20, 21, 22

[Article by Guillermo Correa: "Peasants Adrift, Unproductive Due to Erratic Agricultural Policy"]

[Text] The current official policy toward the rural area contains contradictions, inconsistencies and even absurdities. In 5 months of government, the dream of food self-sufficiency proposed in the previous 6 years has vanished. Reexamination of the measures implemented by the current administration confirms this.

Without sufficient credit for agriculture, the largest harvest in history was announced for this year. It was recognized that it will be necessary to buy 9 million tons of grain from the United States at a cost of 225 billion pesos (\$1.5 billion). It might be possible to export food and, with that foreign currency, purchase what is needed.

An increase in the meager guaranteed prices has been delayed in spite of peasant demands. While U.S. producers are subsidized, importing corn at 20,250 pesos per ton, national producers are paid almost 50 percent less.

There was a promise to carry land distribution "to its ultimate consequences," but 3 months later the government stated that there was no more land to distribute and warned that takeovers will be punished.

To researchers Fernando Rello and Luisa Pare, "the government is playing with fire." The growing mobilization of peasants in at least 14 states in the country is evidence of this. Their desperation is demonstrated by their work stoppage, the peaceful takeover of agrarian reform offices and, especially, their refusal to sell crops to CONASUPO [National Company for Basic Commodities] until an increase in the guaranteed price of at least 100 percent is announced.

The CNPA [National Coordinating Board for the Ayala Plan] maintains that the peasants "have merely been objects of deceit" in this 6-year period. For example, when celebrating the anniversary of the agrarian reform last 6 January, the secretary of agrarian reform, Luis Martinez Villicana, stated that land distribution would continue to be an urgent task until its ultimate consequences during the present administration.

"However, already in April at the commemoration of the death of Emiliano Zapata, the assistant secretary of agrarian reform, Salvador Robles Quintero, stated: 'There is no longer any land to be distributed in the country.' So that there would be no question of the change, a day later in a meeting held in Chiapas the secretary himself said: 'From now on, land takeovers will not be permitted.'"

The CNPA continued: "However, the response was not long in coming since peasant organizations--including official ones like the CNC [National Peasant Confederation] and the CCI [Independent Peasants Central Organization]--argued that, with large estates and national land, there are at least 10 million agricultural hectares that can be distributed."

This series of inconsistencies and contradictions that reaffirm the absence of a real policy for the rural area includes the case of BANRURAL [National Rural Credit Bank]. A month before dissolving the independent union of that organization, its director, Eduardo Pesqueira, stated on 8 January 1983: "There is no reason for the government of the republic to stupidly pour money into rocky ground thinking that it will yield 2 or 3 tons when we already know that it will not yield even 100 kilos of production."

On this occasion, Pesqueira Olea reported that the 145 billion pesos with which the institution will operate this year actually represent a decrease in its funds if inflation is taken into account.

At that point, all the agrarian central organizations in the country except the CNPP [National Confederation of Small Landowners] reminded the official the next day that the agrarian reform policy itself has given 76,788,626 unproductive hectares--rough land, swamps, deserts and bad soil--to the peasants of the country. They also complained that credits for agriculture were totally inadequate.

Later the government itself recapitulated through the official. In a press conference on 13 April, Eduardo Pesqueira announced that, because of the priority of the agricultural-livestock sector, the institution's budget was increased to 172.781 billion pesos, 27 billion more than before. He said that the figure represents 67 percent more than in 1982. Of the total, 75 percent will be allocated to the temperate zones.

Nevertheless, the new decision was also called inadequate. The leader of the CNC, deputy Victor Cervera Pacheco, stated on 14 April that the economic resources for the rural sector do not meet the real needs of the producers because of constant increases in production costs. Therefore, more than 500 billion pesos should be allocated.

Another matter concerns ANAGSA [National Agricultural and Livestock Insurance]. Alejandrino Guzman and Pedro Hernandez, representatives of the Organization for Peasant Defense of Santiago Coltzingo, Tlahuapan, Puebla (16,000 hectares worked and 30,000 producers for each of the 20 communities there), explain that their problem is being repeated throughout the country. On one side, they do not receive credit from BANRURAL and, on the other, ANAGSA does not insure our parcels if they have had losses for 4 years.

"This measure is arbitrary because how can we stop the droughts or frosts? If the government can do it, let it prevent these problems. Also another measure that ANAGSA imposes very arbitrarily concerns the criteria it follows when it insures the parcels. It only wants to cover the direct investment but if there are partial losses, it denies us the indemnity specified in the policies that it almost never hands over to the peasants."

They added that as if that were not enough, guaranteed prices have not increased. "The same thing happens to us as to our grandparents. Only it is no longer the large landowners who exploit us but the state." They added: "The alternative is to emigrate, smuggle wood, illegally cut down the forests. They force us peasants to do this by not helping us."

A serious note is that the director of ANAGSA himself, Manuel Torres Partida, has recognized that the federal government will insure 1.7 million hectares less this year than before in spite of the fact that in the last agricultural cycle, 25 percent of the insured area--213,000 hectares--was destroyed. Of these, 106,000 hectares lost all their crops, affecting thousands of peasants throughout the country.

One more inconsistency falls within the framework of the food self-sufficiency proclaimed during the previous regime through the implementation of SAM [Mexican Food Supply System] which has been discarded now. There has been a total change under this administration. Now growing grain that national industry demands and for export will be given priority. In the words of Secretary of Agriculture Horacio Garcia Aguilar, this will generate employment and foreign currency for the country. This was fought in the last 3 years with the argument that this would guarantee the power of multinational enterprises in agriculture and hurt the supply of food that the country needs.

To the new authorities, the important thing at this time is to export--especially fruit, vegetables and meat on the hoof--to the United States in order to obtain money that can be used to buy the corn or beans we need abroad.

This year we will import: 3.5 million tons of corn; 3.6 million tons of sorghum for animal consumption; 200,000 tons of wheat; 90,000 tons of soybean; 611,000 tons of sunflower; 170,000 tons of cottonseed; 150,000 tons of crude oil; 60,000 tons of soybean paste; 90,000 tons of suet; 115,000 tons of powdered milk; and 1.5 million cartons of eggs. This is all part of the agreement signed last 17 February by John R. Block, U.S. minister of agriculture, and Hector Hernandez, secretary of commerce and industrial development for our country.

It does not matter that the price of sorghum, for example, is approximately \$120. This means 18,000 pesos per ton when the guaranteed price for this product in Mexico is less than 10,000 pesos. In other words, we are willing to pay foreign farmers more money than Mexican agricultural producers are paid.

According to Ramon Danzos Palomino, leader of CIOAC [Independent Central Organization of Agricultural Workers and Peasants], the greatest absurdity lies in the fact that while credits to peasants went down to 173 billion pesos,

CONASUPO purchases food abroad at a cost of about 300 billion pesos for only 8 million tons.

As a result of this policy and the claim that guaranteed prices for their products will not be increased, the desperation of the peasants in the last 20 days has been noted.

Peasants in nine states in the republic refuse to deliver their products to CONASUPO demanding that the prices of wheat, corn, beans, tobacco and coffee improve in order to yield a reasonable profit.

CONACAR [National Cardenist Council] and a group of homesteaders seized the offices of the SRA [Secretariat of Agrarian Reform] in Jalisco last week. Ramiro Diaz Valadez, leader of CONACAR, stated that there is a "conspiracy against the peasants." Agricultural poverty is translated more frequently into a "return from a stove to a fire and from a mattress to a mat. The re-appearance of home remedies is noticeable; there is nothing for the doctor and very little to eat."

Jesus Soto Vazquez, president of the National Federation of Rice Producers, argued that due to the low guaranteed prices and production costs that increase each day, many homesteaders in the 16 rice states in the country warn that they will stop growing rice. The guaranteed price they are asking for is 23,000 pesos per ton; it is now 9,400 pesos.

Another case is the Coalition of Collective Lands of the Valle del Yaqui and Valle del Mayo. Its president, Leonel Reyes Leyva, asked that a national committee on guaranteed prices be constituted and the participation of the peasants in the determination of the prices be authorized.

He said: "We have not received an answer to our request from the Agricultural-Livestock Cabinet. This really concerns the members of our organization and, in general, every agricultural producer due to the fact that the situation of peasant income is not yet defined for the present cycle. It hurts our efforts to improve production." The more than 5,000 members of the coalition have been in the offices of CONASUPO in Ciudad Obregon since 18 April. They stopped working until their demands are resolved.

The same has happened in Nayarit where this month more than 300 rural CONASUPO grocery stores and 12 corn and bean receiving centers were taken over by the peasants who grow these foods. They are protesting the fact that the federal government has not granted them increases in guaranteed prices, according to Enrique Medina, leader of the League of Agrarian Communities and Unions in the state.

These mobilizations are repeated in Michoacan, Morelos, Guerrero, Sonora, Zacatecas, Oaxaca, Tlaxcala, Chiapas, Veracruz and Chihuahua, among others. According to the CNPA and CIOAC, the peasant desperation is also due to the fight for land and the end of repression.

Humberto Barquera, technical director of the CEA [Agrarian Studies Center], explained that the reality is that the situation is not at all encouraging for the peasants in the country. The problems of land ownership, the ridiculous guaranteed prices, the selective and controlled production aid, the emergency and superficial measures and the lack of a strategy for rural development are factors that set millions of peasants adrift and encourage our food dependency abroad.

7717

CSO: 3248/760

## COUNTRY RANKS 11th IN ARABLE LAND

Mexico City UNOMASUNO in Spanish 28 Apr 83 pp 1, 9

[Article by Mario Garcia Sordo]

[Text] Mexico has 1.24 percent of the 2.037 billion people in the world who depend directly on the land. In our country, 25.212 million people live from this activity carried out on 192.304 million hectares for agricultural, livestock and forestry use.

The above facts appear in a study on agricultural, livestock and forestry production in the world and Mexican participation. It was done by Carlos Ortiz, adviser of the Agricultural Economics Office of SARH [Secretariat of Agriculture and Water Resources]. It details that:

The country has 23.22 million hectares for agricultural use which makes it 11th in the world.

It has the eighth largest area of meadow and pastureland with 74.5 million hectares, 2.4 percent of the world total.

It has 49.03 million hectares for forestry use--that is, 1.19 percent of the world total.

Of the agricultural area, 18.12 million hectares are in a temperate area and 5.1 million have irrigation. However, the total area planned for the 1982-83 agricultural year is 19,696,271 hectares, according to the SARH.

The study stated that only 11 percent of the land in the world is allocated for agricultural use (1,448,900,000 hectares). Mexico cultivates 1.6 percent of the total--that is, 23.22 million hectares. The majority (21.7 million hectares) is used for short-cycle crops.

However, the use of agricultural machinery is incipient in the country. We have less than 1 percent of the tractors and harvesters in the world. The United States has 4.35 million tractors and 630,000 harvester-thrashers--that is, more than 20 percent of the total in the world.

In spite of the fact that we only have 5.1 million hectares under irrigation, Mexico is eighth in the world in irrigated areas and second in importance on

the American continent after the United States which has 16.697 million hectares under irrigation.

#### Grain Production

At the world level, a total of 713.7 million hectares were harvested in 1980, producing 1.529 billion tons of grain. The main product was wheat with 444.5 million tons. Rice was second with 399.8 million tons and corn was third with 392.2 million tons.

In this context, Mexico only contributes 0.31 percent of the world production of wheat--2.785 million tons. It is one of the principal importers with 1.169 million tons. It only exports 22,000 tons--that is, 0.03 percent of the world volume.

Our country is in fourth place in corn production at the world level with 12.4 million tons. The corn area (6.955 million hectares) represents 5.31 percent of the world area. However, Mexico only contributes 3.16 percent of the total production due to low yields per hectare, only 1,780 kilos.

Mexico's participation in the world production of rice is minimal since it generates 0.11 percent or 456,000 tons. However, it has high yields: 3,455 kilos per hectare. The country imports about 36,000 tons of rice which represents 0.32 percent of the world imports.

As to barley, Mexico supplies about 0.38 percent with a total of 610,000 tons. It is very far from the amount for large international producers. It imports about 45,000 tons--that is, 0.32 percent of international sales.

Mexico is fourth in sorghum production with 4.6 million tons. It has a higher yield per hectare than the United States. This means the country produces 7.89 percent of the international supply of this grain.

#### Participation in Leguminous, Oleaginous Crops

Mexico plays an important role in leguminous crops due to its high percentage of bean production. It is in fourth place internationally with a total of 1 million tons or 6.62 percent of the world production. Along with China, India, Brazil and the United States, it contributes 70.14 percent of the world production.

As to sesame production, Mexico is in fourth place in the world with 176,000 tons (9.13 percent of the total). With India, China and Sudan, it contributes 69.06 percent of the world supply. Mexico plays an important role in this product since it contributes 44 percent of world exports.

The country is top producer of safflower and has the highest yield per hectare (1,138 kilograms). It generates 446,000 tons--that is, 54.26 percent of world production with cultivation of 392,000 hectares. Along with India, the United States, Ethiopia and Spain, it contributes 98.42 percent of the world production.

7717

CSO: 3248/760



## GRAIN PRODUCTION DECREASES, IMPORTS TO INCREASE

Mexico City EXCELSIOR in Spanish 26 Apr 83 pp 4, 16

[Text] It will be necessary to increase grain imports--mainly corn, wheat and oleaginous crops--this year since grain production went down in 1982 and expectations are not good for the fall-winter cycle, according to the annual report of the Bank of Mexico.

It indicated that, of the 10 basic products of the agricultural year, only wheat had a major increase in production compared to the previous year.

"The increase in production was due to the fact that, in 1982, wheat was planted in areas that had been allocated to safflower in the previous year since the difference in guaranteed price was favorable to wheat."

Also produce that was grown mainly in irrigation areas increased 7.3 percent which made it possible to increase exports of those products. Fruit production--mainly melon, watermelon and grapes--increased 6.4 percent.

As to the drop in the rest of the main crops of the country, the Bank of Mexico reported that corn declined 17.3 percent compared to 1982 with about 14,000,766,000 tons.

The change in beans was minimal since 1,645,000 tons were harvested in 1981 and the harvest was 1,000,659 tons in 1982.

Crops that decreased were: rice, 6.8 percent (644,000 to 600,000 tons); grain sorghum, 21.3 percent (6.296 million to 4.956 million tons); cottonseed, 43 percent (1,000,050 to 590,000 tons); soybeans, 5.6 percent (712,000 to 672,000 tons); sesame, 32.4 percent (68,000 to 46,000 tons); and safflower, 26.3 percent (372,000 to 274,000 tons).

The Bank of Mexico reported that preliminary data indicate that the value of agricultural production in 1982 decreased 2.1 percent. This contrasts with the increases observed in the previous 2 years: 8.4 percent in 1981 and 9.6 percent in 1980.

It concluded: "The reduction in production was due basically to a smaller area harvested."

## CABINET MEMBERS DIFFER ON SOLUTIONS TO ECONOMIC PROBLEMS

## Economy Minister Defends Refinancing

Lima LA PRENSA in Spanish 5 May 83 p 2

[Text] Carlos Rodriguez Pastor, minister of economy, finance and trade, denied emphatically yesterday that the country is on the verge of bankruptcy. He said that inflation will not reach 100 percent.

He said this will not happen because certain measures are being taken--such as the refinancing of the foreign debt both with the international banking community and with the governments--to reprogram the payment thereof.

In this regard he agreed with the chairman of the bicameral budget committee, Gaston Acurio, who suggested the need to summon the "Paris Club" to renegotiate the debt with the western and socialist countries. "The minister has accepted our points of view on restructuring the debt," commented Acurio.

Rodriguez Pastor made his statements after making a report to the bicameral budget committee of Congress regarding the current economic situation and his recent efforts in the United States.

After noting that the necessary steps have been taken in the United States and that it is very possible that some credit agreements will be signed at the end of the month, he said that insofar as the debt with other countries is concerned, reprogramming the amortization thereof will also be proposed in order to adjust the balance of payments.

This will be done, he indicated, taking into account that these 4 months have been serious for the country's economy, since natural disasters have either paralyzed production or, in other cases, caused great damage, such as to the cotton and sugarcane harvests.

However, he noted that it is hoped that with the measures adopted the situation will be normalized and that we can enter a period of development with a healthy economy. In this respect he said that inflation will not reach 100 percent, but will be slightly higher than last year.

## Grados Favors Austerity Policy

Lima LA PRENSA in Spanish 5 May 83 p 2

[Text] "The business firms must be protected so that they may provide employment, and as minister of labor, I must call attention to this situation," because they have stated the problems they are having in maintaining their economic activity...

The country is facing "almost a war economy," in the face of which we must endeavor to maintain the highest level of employment and the greatest yield from our "scarce available resources," said Labor Minister Alfonso Grados Bertorini. Consequently Grados called upon bank and civil construction works to lay aside their announced plans for a strike to take place soon. With regard to his alleged disagreements with Minister Carlos Rodriguez Pastor, Grados said that this is not a matter for personal opinions, but that each one must assume his responsibility in the fulfillment of his mission.

Civil construction workers announced a 24-hour strike for today in protest against the demand for a "return" on their labor, and bank workers for tomorrow and Monday, demanding a solution to bank layoffs.

At the entrance to the Office of the Presidency, Grados stated that in the present circumstances the bank strike conspires against the theory that the country is recovering from the crisis, and that the civil construction workers' strike will make it difficult "for construction projects to continue."

"I call upon you at this time to lay aside your highest aspirations and try to concentrate on maintaining employment levels and the greatest return possible from our available resources, which are scarce; to carry out a real austerity policy in what is almost a war economy," the minister said.

In his opinion, this is the only attitude possible, and one in which not only the unions and businessmen should join, but also the political parties and the Peruvian people in general.

Disagreement?

Asked if there actually is a disagreement with his colleague, Rodriguez Pastor, concerning the approach to the economic problem, Dr Grados said:

"A program which is exclusively anti-inflationary measures the results in terms of achieving the goals of economic austerity and does not take into consideration the social effects in a developing country. It may be very good technically, but it has yet to be proved that it can function on the practical level." He explained that it is his obligation, as minister of labor, to think about the effects on employment. "So it is not a problem of personal opinions of Minister Grados and Minister Rodriguez Pastor, but rather the responsibility that falls on each of them," he said.

He stated that one problem is the budget and another is the business firms, which have explained to the government the problems they face in keeping up their economic activity.

"The business firms must be protected so that they can provide employment, and as minister of labor I must call attention to this situation," Grados said.

8735

CSO: 3348/369

## SCIENTIFIC STATION IN ANTARCTIC UNDER CONSIDERATION BY NAVY

Lima LA PRENSA in Spanish 12 May 83 p 4

[Excerpts] Peru has become one of the world leaders in the definitive conquest of the Antarctic. For many years it has been sending a considerable number of Peruvian Navy officers as observers to that area. In the near future it is considering establishing a scientific station on the "frozen continent" which will fly the national flag.

This was revealed in a lengthy article published in the magazine BITACORA HIDROGRAFICA [Hydrographic Binnacle]. The article appeared in the most recent issue of the magazine, which is published by the Directorate of Navigation and Hydrographic Affairs of the Peruvian Navy.

It is stated in the article that Peru adhered to the Antarctic Treaty in 1980 and that more than 3 centuries ago the Antarctic was discovered by an expedition from Peru.

The active participation of Peru in Antarctic activity has noticeably increased in the last few years. Our navy, beginning in 1980, has sent a number of its officers belonging to the Directorate of Navigation and Hydrographic Affairs as observers participating in different Antarctic expeditions organized by countries which are full members of the Antarctic Treaty, the article states.

After indicating that these observers had the objective of obtaining experience so that in the relatively near future they might make up a Peruvian expedition to the Antarctic, the magazine adds that we certainly believe that these very proper views, in the framework of achieving a deeply held national goal, will not be long in becoming a reality, for the necessary Peruvian personnel are undergoing full and continuing training.

## Antarctic Treaty

The publication recalls that the Antarctic Treaty, among other provisions, basically establishes that the Antarctic must be used exclusively for scientific purposes. It "freezes" existing territorial claims and looks after the maintenance of the "almost unspoiled condition of the frozen continent."

The article adds that this treaty, a juridical, political document signed in Washington on 1 December 1959, entered into force on 23 June 1961 after having been ratified by all of the signatory governments.

## HIGHEST INFLATION RATE IN 60 YEARS

Lima LA PRENSA in Spanish 3 May 83 p 5

[Text] The inflation reported between January and April, 1983 (37.5 percent) is the highest recorded in the last 60 years, Graciela Fernandez Baca, chief of the National Institute of Statistics, said yesterday [2 May].

She said that the decline in purchasing power [devaluation], measured in terms of the thpe of sale of dollar exchange--price at the end of the month--amounted to 8.5 percent in April. The cumulative decline in purchasing power during the period was 37.5 percent, the greatest to occur in the past 4 years.

Dr Fernandez Baca said that the level of inflation, which in Peru is measured by means of the index of consumer prices in metropolitan Lima, last month [April] reached 7.8 percent. She said that a small decline had been observed in the monthly average recorded in the first quarter of the year (8.4 percent).

Regarding the rise in the cost of goods and services, she stated that the greatest increase involved water, which went up from 2,004 soles to 2,886 soles [as published; quantity of water involved not stated]. The next highest increases involved medicines, medical services, and accident insurance, which went up by 24 percent.

Charges for postal and telegraph services increased by 35 percent, while school textbooks and fees went up by 29 percent.

Fuel and natural gas recorded an increase of 16.3 and 15.2 percent, respectively. The cost of urban transportation went up by 14.8 percent.

Unemployment, according to a study by the Ministry of Labor, reportedly affects 7.5 percent of the active labor force (5 million people), and underemployment affects 48 percent of the active labor force.

The chief of the INE [National Institute of Statistics] said that the changes observed in prices were in terms of a pre-determined selection of goods and services consumed by families. The so-called family market basket does not include a series of other articles which satisfy minimum needs for food, education, clothing, or health services.

She pointed out that the family market basket reflects average family consumption in a given period of time. In Lima, for example, 38 percent of income is spent on food and beverages, 7 percent on shoes, and 16 percent on housing, fuel, and electricity.

5170

CSO: 3348/372

## FORMER MINISTER VIEWS ECONOMIC SITUATION

Caracas EL NACIONAL in Spanish 2 May 83 p D-6

[Text] Valencia--"The country has not recovered from the shock produced by control of the rate of exchange on 18 February, and we have continued spending and squandering as in times of prosperity," said former minister Carmelo Lauria during a talk he gave here before the Association of Executives of the State of Carabobo on the prospects for the Venezuelan economy.

He added that the diagnosis of the problem is not being viewed with sincerity but as it is conditioned by the electoral campaign, and that there is a state of utter confusion which includes the national authorities.

Lauria argued to this effect: "The government says that there is no devaluation of the bolivar, but there are seven types of currency in operation: the dollar at 4.30, called preferential; the dollar of 6 bolivars, whose purpose is not known; the dollar set by the banks; the dollar set by the stock exchange; the dollar set by the money exchange offices and the dollar set by individuals."

"We have reached--he continued--such a state of confusion that the stock exchange has developed a black market, since it sells dollars at whatever price it wishes and not at the established rate. To this is added the fact that the Venezuelan Central Bank estimates that we will have a \$2 billion deficit and there will be no source for this money."

Former minister Lauria pointed out that the expenditures of the state enterprises are much larger than their income, and consequently they are buried in debt because of the frequent loans they have requested. "The situation--he said--will worsen because it is not only the national government that has no credit abroad, but also the industrialists and the businessmen who have to make cash purchases, and of course this situation will create unimaginable problems,"

He stressed in his talk that there will be no lack of the principal basic food products in the country because the government will make the necessary sacrifices to avoid this, but other articles that are also necessary are not only going to be scarce but will disappear, due to their high cost of production.

The former secretary of the presidency of the republic insisted that the worst problem created by this situation is that after more than 2 months of the



implementation of economic measures, the country has not understood the magnitude of its economic tragedy and that up to now there is no evidence of worry over the series of approaching conflicts due to the tremendous unemployment in the country.

He pointed out that the consequences of this problem have not surfaced because up to now the unemployed are eating with the money they received from social services, but when this is gone they will not know what is going to happen.

To demonstrate that the country is unaware of the crisis it finds itself in, Lauria gave as an example the determination to celebrate the Panamerican Games, the sale of petroleum to Central America with a loss of \$6 per barrel and the commemoration of the bicentennial of Simon Bolivar with the presentation in Caracas of big concerts, orchestras and all kinds of spectacles to be paid for in dollars.

Finally Carmelo Lauria proposed that in order to alleviate the approaching situation it is necessary to act together to correct the trend. "One must keep in mind that the crisis will not be solved in the short term and that an economic and social plan must be established in which all the sectors will make great sacrifices," he said.

9907

CSO: 3348/360

## COUNTRY FINANCIAL RESOURCES SURPASS 2 TRILLION BOLIVARS

Caracas EL NACIONAL in Spanish 30 Apr 83 p D-19

[Article by Jesus E. Brando]

[Text] The difficulties in the refinancing of Venezuela's debt is due to a psychological loss of confidence and the international financial system's lack of faith in the capacity of our economy to respond. This is worsened by the government policy of silence as to steps being taken.

Homero Parra, national secretary general for technicians and professionals of the Democratic Action Party [AD], explains in this way the slowness in the progress of the Ministry of Treasury's negotiations with the international banks.

He said that the CEN [National Economic Council] of his party has discussed all aspects of the public debt, the refinancing process and the formulas the Venezuelan state should implement in order to deal strategically with the problem of lack of confidence of the international financial system in Venezuela's economic system's capacity to respond.

These circumstances place the current indebtedness in a situation which may be described as grave. AD, through its representation in the Congressional Financial Committee, has insisted on information regarding the methods used but the government has made silence a state policy. It has not reported on the progress being made in these negotiations with the outside world. We have received reports from other sources showing that the efforts Minister Sosa is making are not respected.

When asked what could be the repercussions on the refinancing of the debt due to the failure to comply with the IMF's proposal on the across the board devaluation of the bolivar to 14 bolivars to the dollar, he replied:

[Answer] "Right after the IMF proposal we noted a sort of holding back on refinancing, based on our economy's capacity to pay in view of its structure.

"But it has not been pointed out, that in four products alone--petroleum, bauxite, coal and iron--Venezuela has on the basis of inventories resources worth 2.117 trillion bolivars. And if these resources are raised to the level of semi-processed products, that is, intermediate products, the value of these inventories rises to 4.887 trillion bolivars."

Parra believes that this potential is more than enough evidence to convince any banker that we have a basis for larger loans and excellent ability to pay.

Parra said that what is involved is a psychological loss of confidence which has contributed to the deterioration of the conversations with the outside world.

Parra has no doubt that the refinancing of the debt is an important aspect in the solution of the current crisis since it would permit the reactivation of important economic sectors such as construction which was a multiplying effect which will allow the regaining of confidence in less time.

He confirmed that there is manipulation abroad aimed at bringing about a greater monetary devaluation.

We know that the exterior aspect of our economy has an important effect which complements the internal component and that it can provide an injection of resources which will promote expansion.

Internally, Homero Parra sees no justification for the lowering of bank interest rates since technically this is a way of accelerating the movement of money. "But with the decrease in liquidity, it is illogical for interest rates to be lowered when there is no reentry of capital and the flight of foreign exchange is encouraged.

There are many people, even within the country, who are playing with devaluation of the bolivar to obtain greater profits from dollar transactions.

Homero Parra maintains that the control of the exchange rate opened the way for corruption. "The Caracas stock exchange speculates on the exchange market to keep the dollar rate high."

[Question] "How?"

[Answer] "The stock exchange opens in the morning and less dollars are offered than are bid on so the rate goes up. As the trading progresses, intervention by the Central Bank is requested. It immediately sent U.S. \$30 million. The Stock Exchange offers only U.S. \$10 million on the first day to keep the rate high. On the next day the remaining U.S. \$20 million are offered with the possibility of requesting another U.S. \$30 million from the Central Bank. That is, they make fat profits with government money.

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## COST OF LIVING EXPECTED TO INCREASE BY 20 PERCENT

Caracas BOHEMIA in Spanish 2-8 May p 18

[Text] The Price Control System which replaces the price freeze which was imposed throughout the country for 60 days will doubtless mean a rise in prices.

The system will reflect the increased costs involved in the application of the variable foreign exchange controls but will attempt to protect certain products whose price will increase much less because a large part of their cost will be kept at an exchange rate of 4.30 bolivars to the U.S. dollar. This applies to food and health products.

In other words, the price of some products will rise while others will remain unchanged.

It is estimated that the price increases will mean an increase of 19 to 20 percent in the cost of living.

In view of these facts, the government is studying complementary measures to reduce to a minimum the sacrifice by the population sectors with the least buying power. Already the CTV [Confederation of Venezuelan Workers] is suggesting the need to compensate wages by, for example, direct subsidies to the worker. The fact is that with increasing prices, a readjustment of the income of the consumer must be made so as to keep supply and demand at the same level. Otherwise, if this is not done, supply will rise while demand remains static, which will block the possibilities of economic recovery in the near future.

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MINISTER DISCUSSES LONG TERM AGRICULTURAL PLAN

Caracas EL NACIONAL in Spanish 3 May 83 p D-6

[Article by Hugo Lopez]

[Text] The minister of environment and renewable natural resources discussed the application of the policies and strategies which guide the government's actions relative to the regulations of land use, the conservation of renewable natural resources and the protection of the environment.

Dr Jose Joaquin Cabrera Malo also plans during the remainder of his term in office to encourage actions to strengthen support of management such as information and research, legal norms, professional development and training, environmental education and international cooperation.

The minister said during his closing speech at the Ninth National Convention of Agricultural Engineers last Saturday that he will give special emphasis to the appraisal of the economic value of the natural resources "because the valuation placed on them is proportional to the tangible benefits they produce."

He added that his office is conscious of its fundamental role as guarantor of the proper management of the environment and as manager of the renewable natural resources. This necessarily requires a knowledge of the physical facts about the country and the effect or impact on it caused or generated by various human activities related to development: urbanization, industry, mining and especially agriculture.

He said that the Venezuelan Environmental System project was conceived for the purpose of gaining deeper knowledge about these facts. It is a broad and exhaustive study which is one of the fundamental bases for the preparation of sectoral policies and plans, including an agriculture plan.

According to Minister Cabrera Malo, this project concludes with proposals and restrictions as to the use of land and of the renewable natural resources in every part of the country to serve as guidelines for management of the environment by each one of the sectors of socio-economic activity.

It also presents proposed solutions to the great environmental problems through proposals for new research to deepen knowledge of certain areas, resources or problems in which lack of information is discovered; through proposals for new administrative, institutional and legal instruments to improve the management of the environment and quality of life; and through concrete proposals to improve the environmental education process.

The minister explained that all of these analyses and proposals are embodied in more than 100 national and regional documents and more than 600 square meters of synthesis maps which portray the various aspects under consideration. They are organized in seven series of publications which include everything from methodological aspects to the final proposals.

The minister stressed the importance to the agricultural sector of a number of aspects included in this study: the long term demand for agricultural products, the potential of agricultural lands by agricultural systems, the current agricultural-livestock raising use, the balance of agricultural lands, national and regional maps indicating agricultural potential, a natural vegetation atlas of the nation, agro-economic categories: concentrated food for animals, oil producing products, coffee, cattle, cereals, sugar; musaceous plants (these categories were analyzed at the national level by a very large group for each one of the 10 regions studied in the project); evaluation of availability of hydraulic resources for agricultural use; proposals (contained in each regional study) for agricultural use by defining various categories of conservation of lands.

In this formulation of a Long Term Agricultural Plan, the Ministry has the fundamental role of guaranteeing the availability and quality of natural resources and land necessary for agricultural production in the future. Many of these proposals and those dealing with other sectors will be formally incorporated into a National Plan for Land Management.

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## INDUSTRIAL SECTOR IN NEED OF GOVERNMENT ASSISTANCE

## Foreign Private Debt Payments

Caracas EL NACIONAL in Spanish 30 Apr 83 p A-1

[Text] Maracay--The assembly of industrialists meeting in this city is considering proposing to the national government the establishment of a transferable financial bond for payment of the foreign private debt. Under this scheme the industrialists would pay their debts to the Venezuelan Government in bolivars at exchange rates of 4.30 and 6 bolivars and the government would issue bonds in dollars with which it would pay the private debt to foreign banks, with Venezuela's reserves in the International Monetary Fund[IMF] serving as guarantee. The bonds would be issued for 1, 2 and 3 year periods and the pending commitments between the country and the private sector would be settled in equal periods of time.

## Preferential Exchange Rate

Caracas EL NACIONAL in Spanish 30 Apr 83 p A-1

[Text] Maracay--The industrial sector needs the immediate authorization of a minimum of \$3.292 billion by the Office of Differential Exchange Regulations [RECADI] for the import of raw materials to be used in the manufacture of food, graphic, automotive, plastic, textile, paper and coal products. This information was released at the Fourteenth Assembly of Industrialists being held in this city, where on repeated occasions the slowness with which RECADI considers the authorization of the use of preferential foreign currency was stressed.

In this respect the sectorial chambers organized within the Industrial Commission will start, next week, a series of meetings with the minister of finance to present the foreign currency budget that each one of them would need for the remainder of 1983. For example, the automotive industry needs 1.6 billion preferential dollars; textiles, 63 million, the plastics industry 225, pulp, paper and cardboard 144, the food industry 1.2 billion and the graphics industry \$180 million.

## CAPMI On Short Term Debt

Caracas EL NACIONAL in Spanish 13 Apr 83 p D-8

[Text] The Chamber of Small and Medium-Size Industrialists [CAMPI] urgently solicited from the national executive the granting of the preferential dollar for the liquidation of the short term foreign debt, inasmuch as its foreign suppliers and financiers do not accept the terms proposed by the official sector.

CAPMI's president pointed out that the request made by the sector it represents would not cause a great expenditure of foreign currency since all the payment commitments contracted by small and medium-size industry are very small in comparison to those of the banks and the big businesses. The small and medium-size industrialists would not be able to liquidate their foreign debt at the rate of one dollar for 6 bolivars or the free rate inasmuch as they calculated their production costs on the basis of 4.30 and this was reflected in the selling prices, and due to the grave situation the country is going through this would be practically impossible, because it would cause even more bankruptcies of small businesses.

Jose Maria Verdes also urged the activation of the RECADI office and of the entire exchange policy in order to avoid the paralyzation of the industrial sector, which could cause a short-term generalized scarcity of goods.

The chamber also requested the establishment of real incentives for exports in order to take advantage of the opportunity offered by the economy and achieve at the same time a strong growth of non-traditional exports.

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## BRIEFS

PRICE CONTROLS, OTHER ISSUES--Marçay, 1 May--Jose Enrique Porras Omana, minister of development, stated at the close of the 14th Assembly of Industrialists that the recently approved price control system is a compromise between the extremes of a price freeze and the free price system. This prevents the harm that either alternative can cause producers as well as consumers. In his statement, the minister reaffirmed the national government's support for the national manufacturing sector represented by the industrialists. He said that the National Executive had given permanent priority to the private sector. As an example he mentioned the decision to prohibit imports. Porras Omana announced that in 1982, gross national manufactured goods rose 2.4 percent while the gross product of State activities rose only 2.2 percent. The rise in agricultural products was very high, 4 percent. He concluded by stating that the national government considers it essential for Venezuela's position within the Andean Pact to improve, and that at present there is no indication of national shortages. [Text] [Caracas EL NACIONAL in Spanish 2 May 83 p D-15] 9204

COTTON PRODUCTION INCREASE--According to estimates contained in the 1983 Opera-Plan prepared by the Ministry of Agriculture and Livestock [MAC], national cotton production in 1983 will be more than 34,00 metric tons. Dr Robertina Garcia, MAC planning director, said that an increase of 13 percent in cotton production is expected due to the protectionist policy for national industry which prohibited the importation of men's clothing and blue denim cloth. She also spoke of the performances, according to the 1983 Operation Plan, of other categories included in the textiles and oil producing products group, especially sesame seed, peanuts, soybeans and African palms. The MAC set an increase of 2.4 percent as a goal for sesame seeds with an estimated production of 63,000 tons to be raised on 130,00 hectares. The peanut harvest will be about 16,000 metric tons, an increase of 4.7 percent over 1982. This item is used primarily in the confectionery industry since its use by the edible oil industry has been reduced. Robertina Garcia said that in spite of the efforts made, there has been little success in increasing production of soybeans. However, in view of the enormous importance of this product as a substitute for some imported raw materials and as a means of enriching the balanced diets of animals, the planting of 500 hectares was programmed. This probably will be a good starting point for the planting of larger areas in the immediate future. The proposed MAC goals for the raising of African palm is 1,600 hectares so as to increase oil production by 617 percent. [Text] [Caracas EL NACIONAL in Spanish 3 May 83 p D-6] 9204

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